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Near East & South Asia

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PALESTINIAN AFFAIRS

Factional Activity in Sidon Described

TA0612185A Tel Aviv MA'ARIV in Hebrew
6 Dec 90 p 2

[Article by Shefi Gaba'i]

[Text] Sidon, which borders on the security zone in southern Lebanon, is turning into a hornets' nest. Thousands of Palestinian terrorists and Lebanese militia men are streaming there after having been thrown out of Beirut.

Yesterday, correspondents in Sidon said that the most organized military faction in the region is 'Arafat's Fatah, which unites some 6,000 terrorists. Nearby hundreds of Abu-Nidal's men who were thrown out of their Damascus headquarters are concentrated.

In the vicinity of the city, branches of the pro-Syrian terrorist factions operate—George Habash's Popular Front, Nayif Hawatimah's Democratic Front, and Samir Ghawshah's Popular Struggle Front. South of Sidon, in the direction of Damur, men from Ahmad Jibril's Popular Front-General Command can be found.

As a result of this situation in Sidon, its leader, Mustafa Sa'd, who was injured in the Lebanon war from an explosive charge near his house, has set up a coordinating committee to prevent friction among the factions in the new hornets' nest. All of the faction leaders promised that their weapons are aimed only at Israel.

ALGERIA

Bendjedid Reportedly Increases Power of Presidency

91AA0106A London AL-SHARQ AL-AWSAT in Arabic
16 Nov 90 pp 1,4

[Article by Qasiy Salih al-Darwish]

[Text] Paris—AL-SHARQ AL-AWSAT has learned that Algerian President Chadli Bendjedid has decided to carry out radical changes in the presidency organization. According to these changes, the secretary general of the presidency will be vested with powers much greater than the existing ones. The positions of director for the presidential bureau, director of information, and director of presidency security will be recreated. In other words, there will be a return to the organization that existed before 1989. This reorganization came following a proposal and an initiative by Mauloud Hamrouche when he moved from the post of secretary general of the presidency to head of government. It is understood from this step that Hamrouche does not want the presidency to have a political role and a special weight, except with regard to matters concerning the president of the republic personally. Therefore, it can be understood that abolishing this organization and returning to the old

presidency organization will enable it to restore its old political role. This point will be further clarified when new officials will be appointed to the presidency, depending on whether these are strong personalities independent from the head of government, and whether they have close and friendly relations with the president that would make him listen to them.

Whatever the case may be, these changes, though outwardly of technical nature, will have a great impact on the present ruling regime and on the balances of power at a stage that is extremely sensitive and crucial for resolving the power struggle inside the government.

On the other hand, new appointments in the Algerian diplomatic corp are expected to be announced, according which Abdelmajid Alahoum will be appointed Algerian ambassador to Morocco, the position which has been vacant since Mohamed Sahnoun was appointed diplomatic adviser to President Chadli Bendjedid. Alahoum was ambassador to Nouakchott for several years. He belonged to the team that closely worked for many years with late president Houari Boumedienne. He was director of protocol at the presidency. At the beginning of President Bendjedid's era he was ambassador to Moscow, but later was transferred to Nouakchott, a step which was considered a banishment for him.

According these appointments, Mohamed Ibrahim Mili will be appointed Algerian ambassador to Cairo. Until recently he was minister of education in Hamrouche's cabinet. Since the beginning of independence he was director of EL MOUDJAHID magazine, director of the Algerian News Agency, ambassador to Greece, and ambassador to UNESCO. He is the author of several books on literature and history. He is the son of historian Sheikh Mbarak Mili.

In this post Mili will replace Abdelhamid Oujali who has been transferred as ambassador to Mauritania. These appointments that might be announced in the coming few days include the appointment of former Algerian foreign minister Boualem Bessaïeh ambassador to Switzerland.

Bank of Algeria Governor Nacer Discusses External Debt

91AA0098A Algiers ALGERIE ACTUALITE in French
18 Oct 90 p 13

[Interview with Mr. Hadj Nacer, governor of the Bank of Algeria, by Abdelkader Hammouche: "Algeria Will Not Reschedule!"; date and place not given]

[Text] [Hammouche] Algeria's foreign debt amounts to \$25.3 billion. Would you say that it is excessive?

[Nacer] Compared with production, with the population, this debt amount is normal. What makes our debt a problem, however, is its structure. If our debt had an average maturity (six to seven years), our debt service would be less of a constraint, at any rate it would be more

under control. Unfortunately, the size of the short-term component in our debt gives it a maturity of three and a half years. As a result, the debt service is very heavy; it takes up to 70-75 percent of our export revenues.

What we must do is reduce the short-term component of our total debt.

[Hammouche] Under what conditions was this short-term debt contracted?

[Nacer] After the collapse of oil prices—in 1986—businesses were asked to use supplier credits to cover their purchases. But these are all short-term credits (i.e., less than three years). From the moment we started the short-term-credit-for-all system, we also started not only a cycle of indebtedness but also a cycle of bad indebtedness through short-term credit. Short-term has this distinctive characteristics that it feeds upon itself. Suppliers always find money for you, so they can sell you more. The more consumer goods you buy on credit, the larger your short-term debt. However, the moment you start using short-term credit, your solvency decreases, as far as banks are concerned, and that gives them an excuse to refuse to give you intermediate or long-term loans.

Add to this other very important phenomena. That is, banks prefer short-term credit for many reasons. First, it is more profitable. Second, it is safer. Third, it cannot be rescheduled. Fourth, short-term credit involves so-called "hidden costs." Banks use "sweeteners" to give borrowers the illusion that they are getting a good deal, although that is not the case.

Thus, for three years we have practiced a short-term credit policy, and every year the amount we have to pay gets further inflated.

[Hammouche] How can we get out of the short-term indebtedness dead end?

[Nacer] Two ways are currently being considered. First, we must stop increasing our short-term indebtedness, and this will also require a reorganization of our foreign trade relations. This was the first plan implemented by the Bank of Algeria; it used a series of techniques to dissociate the credit from the commercial operation. This will encourage our banks to negotiate credit lines directly at more favorable conditions, and our operators will no longer have to take care of financing, which will result in improved import negotiations. We expect a gain of about 10 percent. That is for the future.

That still leaves the fact that the debt we inherited is essentially a short-term one. How could we extend it? We can do that "mechanically"; it would take me to three years for any appreciable change to become visible. The second part of the plan, precisely, deals with means to extend the term of the debt, to modify its profile through controlled recourse to the international financial market, using long-term capital through proven methods that improve risk perception and testify to the reliability of our financial policy.

[Hammouche] Currently, does Algeria have difficulties in gaining access to the international financial market?

[Nacer] Algeria is on the market; this means that it can afford to negotiate. It encounters fewer difficulties in negotiating the first part of its plan than the second part. We should emphasize that—in the eyes of foreign banks—Algeria is still a country that will be solvent in the future. Objectively, it is in everybody's interest that our plan should succeed because Algeria is an important country, well-endowed in human resources as well as by nature and geography to be a leading economy in addition to being a large market on its own. A 10-percent rate of growth in our country will result in growth for the region as a whole; the reverse is not true.

In addition, in last analysis, the proof of Algeria's solvency will be that it has full control over its production plant. Add energy and future export potential (gas), and solvency then becomes a certainty. For the time being, however, the most basic and the most urgent fact is that Algeria was able to propose a way out of the debt crisis that is of a nature to comfort the market through the use of sound techniques and to provide adequate cash flow to stimulate the economy.

[Hammouche] Is Algeria considering a rescheduling of its debt?

[Nacer] Algeria will not reschedule. Technically, rescheduling is not warranted in the case of Algeria, because the Algerian debt cannot be rescheduled. The portion that could be rescheduled amounts to only \$4 billion, out of \$25 billion. A comparison of rescheduling with the other possibilities (for instance zero-coupon refinancing) shows that the latter are more favorable, in that they result in a faster reduction of the debt service while precluding "repeat rescheduling" when the rescheduled portion becomes due.

[Hammouche] How can rescheduling be a danger for our country?

[Nacer] When you are rescheduling, banks and the financial market rate you permanently as a country that could not meet its obligations, i.e., a high-risk country, an insolvent country. If you are labeled "insolvent," that will stick for 30, even 50 years.

In our case, Algeria borrows about \$8 billion per year, including \$2 billion in intermediate- and short-term loans. If we were to reschedule \$1 billion in one year, we would lose \$2 billion because we would be unable to borrow, the country being declared insolvent. We would then depend on the goodwill of countries or organizations to lend us money under complex conditions, which would not necessarily agree with the requirements of our internal economic policy. There have been many such instances in Latin America, when deadlocked loan negotiations resulted in near paralysis of a country's foreign financing. We have actual examples of this: the countries that started rescheduling in the seventies are still rescheduling. Their governors and finance ministers live

sometimes in Paris and sometimes in London, to negotiate with the two powerful financial clubs.

[Hammouche] What are the prospects for our foreign debt?

[Nacer] They are rather favorable in that there is a good chance that everything that was projected to happen in 1992-93 will happen in 1991. Hence the interest of having a convertible dinar, which will be possible only after the foreign currency reserves of the Bank of Algeria have considerably improved. For there is no other solution. As long as the dinar is not convertible, we shall continue to allocate foreign currency according to quotas. That is uneconomical. There are 15,000 businesses entitled to get foreign currency. That means managing 15,000 accounting envelopes. Under such conditions it becomes impossible not to miscalculate.... We must absolutely shift to a simpler method: those who have dinars should be able to exchange them when they need to. I mean, production and service businesses.

[Hammouche] Dinar convertibility within two years, that sounds too good to be true.

[Nacer] Absolutely not. Either, or: either we manage to convert the dinar, or the dinar will be "supplanted" by a convertible currency.

At present there is a two-level, even a three-level market, just because the dinar is not convertible. Actually, the dinar is already convertible to some extent, since it always finds a rate of exchange. But convertibility must serve to increase the Algerian economy's capacity for growth, not to organize capital flight, i.e., the flight of production capacities to foreign countries, as has happened in some countries.

EGYPT

Minister of Economy Proposes New Import-Export Bylaws

91AA0105A Cairo AL-AHRAM AL-DUWALI in Arabic
27 Nov 90 pp 5, 10

[Article by Ra'fat Amin and Ibtisam Sa'd]

[Text] Dr. Yusri Mustafa, the economy and foreign trade minister, issued new draft import and export bylaws. The economic page yesterday published several features of the proposed bylaws. Today, it publishes full details of them to provide an opportunity for businessmen, exporters, importers, and concerned parties to examine the draft and express their views on it.

Importation

[Chapter One:]

The first section of the new bylaws, entitled "importation," stipulates general definitions and provisions as follows.

The following terms shall mean the following regarding the application of the provisions of these bylaws:

- Importation for commerce: Anything imported for sale in the domestic market in its state upon importation, or after packaging or wrapping and the equivalent, without being subject to any manufacturing or finishing processes.
- Importation for production: Anything imported by production projects for sale after a change in its state, even if through finishing processes, including raw materials, primary materials, intermediate commodities, and other components that make up the final product, including production prerequisites in general.
- Importation for private use: Any capital assets, spare parts, or other item imported for other than commerce or production, which benefit the importer's activity, but not his person.
- Importation for personal use: Any commodity of an appropriate type and quantity imported by a natural person to the benefit of himself or his family, which is used by such person or his family during a period that is in keeping with the nature of the commodity, in such a manner that the commodity does not assume a commercial character.
- The importation of goods and commodities required by the country shall be effected pursuant to the provisions of the laws and these bylaws in such a way as to not be at variance with public order and morals.
- These bylaws do not apply to imports intended for the free zones, free cities, and free markets. Importation from the free zones and cities shall be deemed importation from abroad and subject to the provisions of these bylaws. These bylaws shall also not apply to machines and their parts imported for installation on seagoing ships or aircraft which bear an official certificate confirming this capacity, and which are exempt from customs duties.
- The provisions of these bylaws shall not apply to goods and commodities imported for agencies that are exempt from the provisions of these bylaws under laws or international treaties or agreements to which the Arab Republic of Egypt is a party.
- There shall be a temporary continuation of the suspension of the importation of goods and commodities included in Annex No. 10 of these bylaws for the government, public sector, private sector, cooperative sector, and domestic investment companies established under Investment Law No. 230 of 1989, by the promulgation of the Investment Law, and all other agencies, regardless of whether the importation is intended for commerce, production, or private use. Items in Annex No. 10 will be reviewed gradually in the light of the reasons which led to the said suspension. All banking firms shall refrain from conducting any banking operations regarding goods and commodities whose importation has been suspended.
- However, the provisions of the previous article do not apply to the following cases: Models imported for factories in order to produce an equivalent of them;

the importation of the requirements of hotels, tourist facilities, civil aviation, and the oil and electricity sectors, within the limits established by the pertinent minister or whomever he deputizes; the importation of components for units or full production lines, if the importation of such units or lines has not been suspended; the importation of chemicals for pharmacology and production inputs for medicines, with the authorization of the Health Ministry; the importation of production inputs or components for which there is no domestically produced alternative at a time of demand, within the limits and quantities that cover actual production capacity, with the authorization of the pertinent minister or whomever he deputizes; imports regarding which a special stipulation exists in these bylaws, and cases authorized by the economy and foreign trade minister; spare parts imported for private use within the framework of the activities of the importing party; imports for service and maintenance centers, within the limits of the articles and quantities determined by the agency supervising the activity [of such centers], with the authorization of the relevant agency in the Military Production Ministry or the Industry Ministry.

- It is not permitted to import used goods and commodities, except those regarding which a special provision exists in these bylaws.
- Release by means of the placards system is not permitted upon submission of the documents if the importation of the imported goods or commodities is suspended or restricted.
- The release of goods and commodities included on Annex No. 2 of these bylaws for trade is not permitted as long as the company [seeking the release] does not have an Egyptian commercial agent and a service center in Egypt in the agent's name which meets the specifications and conditions established by the pertinent agency, and which is located in marketing sites.
- The release of goods and commodities included in Annex 4 of these bylaws is not permitted unless the release documents include a certificate issued by the pertinent agency in the Nuclear Energy Organization, which states that such goods and commodities do not include percentages of radiation concentrations in excess of the limits set by the Nuclear Energy Organization.
- It is permitted to release goods and commodities included in Annexes No. 1 and Annex No. 2 of these bylaws only after the fulfillment of the conditions contained in those annexes, with the exception of imports regarding which a special stipulation exists in these bylaws and imports for personal use.
- An importer shall be required to submit a certificate of origin certified by the authorizing agency in the Egyptian Foreign Ministry for all commodities imported from states with which trade and payment agreements have been ratified, for food and pharmaceutical commodities and their raw materials for which an authorization has been issued by the Health Ministry, for automotive spare parts, and for reconditioned consumer goods and their spare parts.
- An importer shall be required to ensure that a contract with a supplier includes a term stipulating the conformance of the [supplied] commodities with established conditions and specifications and with legislation in effect in the Arab Republic of Egypt.
- A commercial importer shall be required to submit an authorized copy of an Importers Register registration card to the bank with which that importer transacts. The Customs Administration, before releasing [a good or commodity], is required to ascertain that the good or commodity belongs to the commodity group registered on the Importers Register registration card.
- The public sector, the private sector, the cooperative sector, and investment projects in the domestic investment system may import [products] from countries with which trade and payment agreements have been ratified in the framework of protocols that have been concluded with these countries except wood, paper, paper pulp, cardboard, and coal, whose importation is restricted to public sector commercial companies.
- The importation of cotton, oil, and oil products is limited to public sector commercial companies and public sector beneficiary companies.
- The following parties, which are not registered in the Importers Register, may import their production input prerequisites on the basis of a Prerequisites Importation Card issued by the General Exports Control Organization: factories registered in the Industrial Register; factories under construction which are issued a Prerequisites Importation Card for the period of a year with the authorization of the pertinent agency in the Industry Ministry, (such a card may be renewed for additional periods, with the authorization of the said agency, when the factory begins production); productive cooperatives, with the authorization of the pertinent administration in the Local Government Ministry; agricultural, livestock, and fish production projects, with the authorization of the pertinent agency in the Agriculture Ministry.
- Importation by means of [payment in] free currency for goods and commodities originating in countries with which trade and payment agreements exist, which is authorized by the foreign commerce sector, shall be subject to the following two conditions: that the goods and commodities are not be included [in the foreign currency balance], [instead] having a [foreign currency] allotment in the trade and payment protocol, or a [foreign currency] allotment on which full agreement has been reached, and credits have been established for the import of such goods and commodities; that the account [established to cover the imports] does not exceed the limit of indebtedness to the Arab Republic of Egypt.
- The importer shall adhere to the quantities specified in the invoices pertaining to imported goods and commodities. The quantity of raw material, spare part, intermediate commodity, and food commodity imports may exceed the quantity stated on their invoices by 10 percent.

- An importer shall be obliged to reexport food commodities rejected by the Atomic Energy Organization immediately upon being notified of the rejection. The shipping retainer shall also be obliged to arrange for the empty spaces required for the reexportation of such goods and commodities.
- An importer shall be required to reexport food commodities which have been finally rejected by the Health Ministry within the period determined by the pertinent agency.
- An importer shall reexport goods and commodities rejected by the General Export and Import Control Organization because they violate established conditions and commercial specifications.

Chapter Two: Importation by the Government and the Public Sector

Without prejudice to the provisions of Chapter One, the importation of goods and commodities required for the pursuit of the activity of ministries, administrations, general economic and service organizations, and local government units shall be within the limits of the monetary allotment determined for them. The importation of goods and commodities required for the activity of public sector agencies shall be within the limits of their planning budget, pursuant to provisions of laws and bylaws that regulate their purchases from abroad.

It is not permitted to transfer the value of goods and commodities imported for the agencies mentioned in the previous article, nor is it permitted to release such goods and commodities, until authorization by the foreign purchases committees has been submitted according to the form in Annex No. 14.

The purchases committees are required to transmit copies of authorizations issued by them to the Central Egyptian Bank, the executing bank, the ministry to which the agency is subordinate, the foreign currency and balance sector, the foreign trade sector, and the Taxes Administration.

The agencies mentioned in Article 29 may import means for transporting persons and goods, provided they submit proof of the allocation of investments in foreign currency for them, with the authorization of the economy and foreign trade minister in consultation with the industry minister. Customs shall immediately release the transportation means owned by these agencies and previously acquired and used by them in their activity abroad.

Customs shall immediately release advertising and publicity material, [valued] within the limits of 3,000 Egyptian pounds per year, which is imported for the agencies mentioned in Article 29, and which bears the name of the foreign producer.

Customs shall immediately release spare parts, [valued] within the limits of \$20,000 per year, which are imported for the agencies mentioned in Article 29, on condition of

the subtraction [of that value] from the [foreign currency] monetary allotment [of said agencies in the foreign currency balance].

Chapter Three: Importation for Private Sector Production

The importation of the production prerequisites of industrial and agricultural projects, livestock and fish production projects, and other such projects of the private sector, the domestic investment sector, the cooperative sector, and the vocational sector shall be within the limits of the actual productive capacity determined by the agency that supervises the activity [of such projects].

Without prejudice to the provisions of Chapter One, the production projects mentioned in the previous article may transfer the value of their requirements from [foreign currency] diversion accounts, operating accounts, and capital accounts, by means of the financing method determined by these projects.

Chapter Four: Importation for Private Use by the Private Sector

With the exception of the government and the public sector, any natural person or body corporate engaged in productive, service, vocational, and professional activities may import the commodities and goods that it requires for its private use within the framework of the activity for which such person or body corporate is licensed.

Without prejudice to the provisions of Chapter One, customs shall immediately release, to the parties stipulated in the previous article, goods and commodities imported for private use.

Customs shall immediately release advertising and publicity material imported for commercial agents, importers, authorized distributors, and companies producing brands under license pursuant to the conditions specified in the draft [bylaws].

Chapter Five: Importation for Commerce

An importer, or an Egyptian whom he delegates, shall fill out an application based on the model in Annex No. 15 and shall submit it to the pertinent customs committee, attaching to it the following documents.

The Necessary Documents:

- The original invoice
- An Importers Register registration card.

The customs committee shall determine the customs clause [that applies to the articles whose importation is sought] and the import position of the articles included on the application. The importer may submit a sample of the articles, a catalogue [containing them], or a statement of analysis of the components [of the articles] for the determination of the customs clause [that applies] to

them. After the application is approved by the customs committee, and after the required documents have been submitted, the importer shall submit the application to the executing bank for approval of the financing sources, the method of payment, and the financing program. Upon submitting the application, the importer shall be required to pay 35 percent of the value of the goods and commodities whose importation is sought as a cash advance. The executing bank shall pay interest on this advance according to the prevailing interest rates, starting on the date of the bank's receipt of the advance and until the advance is transferred abroad.

The following [imports] are exempt from the provisions of this chapter and shall be released immediately upon payment of administrative costs [related to them]: newspapers; periodical magazines; the used material left behind by foreign ships, [valued] within the limits of 500 Egyptian pounds per day per merchant, except reconditioned consumer commodities; and material left behind by Egyptian ships, excluding commodities whose importation has been suspended; and scrap metal products gathered from ships in the jurisdiction of customs.

Chapter Six: Imports That Do Not Entail Payment

Customs shall immediately release gifts, aid, and goods and commodities previously released temporarily, whose transference was effected to ministries, administrations, public organizations, and local government units without remuneration, on condition of the pertinent authority's authorization of a gift's acceptance. Customs shall be obliged to inform the Central Accounting Agency [of such gifts].

Chapter Seven: The Importation of Goods and Commodities for Exhibition in International Exhibitions and Fairs

The committee for commercial affairs of international exhibitions and fairs, which shall be formed by a resolution issued by the economy and foreign trade minister, shall be responsible for the following purviews:

- The issuance of import authorizations for models imported for international exhibitions and fairs and for exhibitions licensed by the General Organization for the Affairs of International Exhibitions and Fairs, [the value of which models shall be] within the limits of the monetary allocations established in the monetary budget for such international markets or exhibitions or the financing sources permitted to the importer.
- The issuance of import authorizations for models exhibited under the auspices of exhibitions, which models shall be limited to one unit of each [type of] model exhibited, with the exception of the condition in Attachment No. 1 and Attachment No. 2.

Chapter Eight: Importation for Personal Use

Customs shall immediately release personal and household effects, consumer goods (except furniture and automobiles), hobby and sport requirements and implements, and spare parts brought into the country by persons returning from abroad for personal use, which may be shipped two months before or after the arrival of the returnee.

Exportation

Chapter One: General Provisions

Only persons whose names are registered in the Exporters Register are permitted to export products of the Arab Republic of Egypt and previous imports. Non-commercial exports and previously imported commodities that are exported in order to be exchanged are excepted from this stipulation. In the event of the export of previous imports, agreements ratified between the Arab Republic of Egypt and other countries shall be respected.

The provisions of these bylaws do not apply to goods and commodities that are exported by projects established in a free zone.

Products of the Arab Republic of Egypt shall be exported through customs directly without [need for] an export authorization, except in some cases established by the draft [bylaws].

Before exporting commodities listed in attached lists No. 12 and No. 13, which are subject to export quality control, an importer shall be obliged to obtain the authorization of the General Export and Import Control Organization in accordance with the rules and regulations specified in Section Four of these bylaws.

The General Export and Import Control Organization is authorized to approve exports in some cases, including:

- The export of previously imported goods and commodities released for import, provided that, upon the exportation of such commodities, the cost of their importation shall be taken into account, especially regarding commodities exported in the same state in which they were imported.
- The export of previously imported spoiled or damaged commodities, or goods imported in contravention of the conditions of a contract.
- The import of used equipment, production lines, machinery, and machines in order to exchange them for other items (new, used, or refurbished) that serve the same purpose.
- An export authorization shall be valid for a period of six months from the date of its issuance. The agency issuing the authorization may authorize its renewal for another period. The provisions of this article shall not apply to commodities subject to quality control, so that the validity of the authorization [for the export of such commodities] shall be in accordance with the period determined for it.

- An exporter shall adhere to prices set by the agricultural products export prices coordination committee, which shall be formed by a resolution issued by the economy and foreign trade minister.
- Suppliers of goods and commodities for the supply of ships anchored in Egyptian ports shall be obliged to: maintain prices for the provision of domestic products that are comparable to the F.O.B. export prices [of those products]; maintain prices for the supply of foreign goods not present in transit warehouses that are not less than the prices of comparable goods imported from abroad.

Chapter Two: Noncommercial Exports

It is permitted to export [items] for noncommercial purposes without recovery of the value [of the export] through customs directly in the cases specified in Annex No. 20. and according to the terms of Annex 20.

Chapter Three: Certificate of Origin

The issuance of certificates of origin or transit for Egyptian exports, consignments, and samples, shall be limited to the General Export and Import Control Organization regarding exports of Egyptian origin, or those which have acquired Egyptian origin, to countries with bilateral or multilateral commercial agreements to which Egypt is a party, and to countries belonging to regional and international economic blocs in which Egypt is a party, and by virtue of which Egypt enjoys preferential treatment. A certificate of origin prepared according to the terms of such preferential agreement shall be granted only to [exports destined for] countries that are a party to the preferential agreement.

The Registration of Exporters

Chapter One: General Provisions

The General Export and Import Control Organization shall be responsible for maintaining the Exporters Register stipulated in Article 4 of Law No. 118 of 1975 mentioned above. All individual projects and investment companies established under Law No. 43 of 1973 mentioned above shall be exempt from registration in this register regarding the export of their production, provided that they submit proof of such establishment from the General Investment and Free Zones Organization. The General Investment and Free Zones Organization shall transmit to the General Export and Import Control Organization a list of the above-mentioned projects and companies.

Chapter Two: Conditions To Be Fulfilled By Exporters

Whoever registers in the Exporters Register must meet the following conditions:

Regarding natural persons:

- Such persons must have Egyptian nationality, or must be registered in the Commercial Register as an exporter, merchant, or producer, and must have

engaged in commercial operations for no less than two years, the period for which shall be established with the start of commercial activity.

- The capital of such persons, which is registered in the Commercial Register, must not be less than 3,000 Egyptian pounds.
- Such persons shall not have been previously sentenced to a criminal penalty or a limitation of freedom for a breach of honor or security, or a crime stipulated in the Import Export Law, the Currency Law, the Customs Law, the Taxes Law, the Food Provision Law, or the Commerce Law, so long as they have not been rehabilitated.
- Such persons shall not be governmental or public sector employees.

Regarding companies and other bodies corporate:

- The company shall have at least one director who enjoys citizenship of the Arab Republic of Egypt, provided that he has the right to administer and sign for the company alone or jointly with other directors, even if they are foreigners, provided that a foreign director does not have the right to administer and sign for a company alone. [The stipulation of Egyptian citizenship] shall also be fulfilled by a general partner and whoever has the right to administer and sign for cooperative societies or any another body corporate.
- It shall be among the objectives of the company to export, trade, or produce.
- The company's capital, which is registered in the Commercial Register when the company applies for registration in the Exporters Register, shall not be less than 10,000 Egyptian pounds.

Chapter Three: Procedures for Registration in the Exporters Register

In order to register in the Exporters Register, an original and duplicate application must be submitted to the main office of the General Export and Import Control Organization or its branches. The application shall include the following information: the trade name; the trademark; the address of the individual's main store, or the branch and main office of the company or body corporate, depending on the case; the type of commerce; the articles to be exported by the applicant after his registration, which shall be consistent with information in the Commercial Register pertaining to the activity of the individual, branch, or company; and the commercial relation according to the Commercial Register, if it exists. Applications shall be submitted by the applicant or his authorized representative.

Chapter Four: The Removal and Cancellation of an Entry in the Export Register

The registration of an exporter shall be removed from the Exporters Register, or suspended, or the Exporter shall be warned in the following cases: if he has damaged the country's commercial reputation abroad; if he has

violated the provisions of the Export and Import and Currency Law and its implementing resolutions; and if he has not fulfilled a condition that must be met for registration in the Exporters Register.

The Control of Exports and Imports

Chapter One: Commodities Subject to the Control of Exports and Imports

The branches of the General Export and Import Control Organization, which shall be specified in a resolution promulgated by the chairman of the administrative board of that organization, shall have the authority to:

- Inspect commodity imports contained in Attachment No. 12. The inspection of exports [as published] of all sectors is compulsory to ascertain their conformance with conditions and specifications specified in ministerial resolutions issued by the Economy and Foreign Trade Ministry and contained in Attachment No. 13.
- Inspect, compulsorily, public sector exports to ascertain their conformance with conditions and specifications. The inspection of private sector commodities contained in Attachment No. 13 is voluntary, with the understanding that the private sector, in the event that such commodities are not inspected by the General Export and Import Control Organization, shall be responsible for ensuring the arrival of the commodity in good condition to foreign markets, upholding the country's commercial reputation abroad, and fully recovering the proceeds of its exports, pursuant to ministerial resolutions pertaining to the determination of specifications and the rules and regulations in the following articles.

Chapter Two: Inspection Procedures

An exporter or importer shall be obliged to: submit applications for the inspection of consignments to branches of the pertinent organization during official working hours, paying heed to the prohibition against sending such applications by mail; based on the request of the exporter or importer, applications may be accepted, and inspections may be performed during nonofficial working hours in exchange for the payment of the additional fees stipulated in Article 67 of this resolution, which shall be paid at the cashier's office of the pertinent branch before 1300.

Branches of the General Export and Import Control Organization shall be required to maintain ledgers and registers in which they record the measures taken regarding each consignment.

The packaging of a consignment may bear the name and trademark of another exporter or importer, provided that such exporter or importer submits a declaration that includes the number of packages [on which his name and trademark may be used] or the period in which the use of his name and trademark is permitted.

Chapter Three: Inspection Complaint Procedures

A concerned party may submit a complaint application to the branches of the pertinent organization after payment of the complaint fees. These fees shall be returned in the event of the acceptance of the complaint. The complaint examination committee shall be obliged to deliver its decision to the concerned party or its official agent in a registered letter. The decision of the complaint examination committee shall be considered final.

AL-AHRAM Views U.S. Aid, Investment Potential

Budget Influence on Aid

91A40102A Cairo AL-AHRAM AL-DUWALI in Arabic
23 Nov 90 p 6

[Article by Usamah Saraya]

[Text] U.S. President George Bush's visit to Egypt, the first by an American president in 12 years, reflects Egypt's prominent role in the world arena and the Middle East, and its efforts to achieve economic and political stability internationally and regionally.

It also reflects strong U.S.-Egyptian relations, especially economic relations, inasmuch as the United States has been the largest donor of economic and military aid to Egypt since the mid-seventies. Egypt has received \$15 billion in economic aid from U.S. economic aid programs for Egypt since 1975 and during the past four years, whether in the form of outright grants, or long-term, low-interest soft loans in the framework of the Economic Support Fund and the surplus agricultural yields program. In addition, \$1.1 billion has been allocated in the 1991 budget, and \$1.3 billion is provided annually for military programs.

This aid has impeded full use of aid and the "planning" of the U.S. aid budget for Egypt. Military aid increased from \$4.4 billion to \$7.1 billion at 14-percent interest and was expected to grow to \$21 billion by 2006, its settlement year. Last year, the annual installment that must be paid consumed \$800 billion [as published]. That installment has grown annually to devour all U.S. economic aid to Egypt, causing this loan to be regarded as an actual confiscation of U.S. aid for Egypt, inasmuch as Egypt has been receiving economic aid in the scope of American projects in Egypt and repaying that aid in foreign currency in the form of a debt-servicing premium, which has increased yearly by more than \$120 million. That means that the debt-servicing premium for the military loan would have totalled, over five years alone, more than the economic and military aid that Egypt receives. A proper interpretation of such a development would point to Egypt's inability to repay this loan, a discontinuation of payment, and the imposition of "Brook" [?] fines. In other words, Egypt would not receive new, more economically advantageous aid. Thus, although Egypt's military debt and the interest on it were canceled in connection with the Gulf crisis and the

pending economic and political breakdowns that it produced in the Middle East region, a realistic, scientific view has pointed to a need to cancel the military loan since 1981, when Husni Mubarak called for such a cancellation, so that the United States could adjust the balance of American aid to Egypt. This is confirmed by the agreement and conviction which the Egyptian administration found in the U.S. administration during the eighties regarding the desire to cancel Egypt's military debt. However, Congress always stood in the way of its realization. At the same time, the American administration nonetheless translated its belief in the importance of easing Egypt's military installment payment difficulties by jointly studying with Egypt, annually, a method of payment that would not further burden the Egyptian economy. In this way, innovative solutions emerged, including the transfer of a portion of American aid in cash, and the allocation of a portion of the military aid to settle the loan, with Egypt being compensated with additional weapons from among those being removed from service in Europe or the United States, and with intervention with American and Arab financial organizations to induce them to purchase a portion of the military loan and to help Egypt settle it.

We can perhaps be convinced that these attempts reflected the Americans' desire to adjust the American aid balance, so that it would be positive, after a change in American thinking regarding Egypt that occurred after the Bush administration took office. Economic relations during the Reagan administration were characterized by a lack of growth. The reasons were American. There was an opinion in Congress—and the administration understood it—that Egypt had received American aid and a special status that could not be developed further. This attitude had many negative effects on Egypt's economic programs, its development policy, and the strengthening of its economic relations with international organizations and the world economy in general. However, the U.S. attitude changed with the Bush administration. The Bush administration is more aware of world changes and the dimensions of political roles in the international arena. It realized the strategic importance of Egyptian relations. However, a change in a hardened attitude was needed in response to the new international milieu, a change that would re-emphasize Egypt's growing role in the arena of events regarding the achievement of stability and world peace, as there is no dispensing with Egypt's role if a new world order is to be achieved in a sensitive region that has an impact on the entire world. The U.S. understanding developed rapidly through the Bush administration's initiative in moving forward to cancel the entire military debt as a first step in the beginning of a new phase of economic cooperation between the two countries. Egypt certainly realizes the dimensions of the change. However, we must recognize that this step must be followed by more practical steps, first of all to begin a new phase after years of a standstill, or to be more precise, a lack of growth, growth which, according to our expectations, should continue to boost strong economic relations, and help Egypt achieve an

economic transformation and become a connecting link between the economies of the developed, Western countries and those of the Third World countries, specifically the Middle Eastern and African countries. In that way, the economies of Third World countries, which are still absent from Western and American thinking, would become connected to the fundamental changes that are encompassing the entire world.

Perhaps the economic transformation in Eastern Europe and the Soviet Union monopolized Western, American, and Japanese attention, thereby removing the Third World from the world arena. Then the gulf crisis occurred with all of its pending breakdowns and changes to indicate that the world is a single unit, that the achievement of stability and economic growth must include everyone, and that the train of progress, change, economic growth, and democracy cannot go far if it leaves behind countries that possess capabilities, energy in all of its forms, and wealth. However, due to previously imposed political circumstances, these countries have nonetheless been left behind, to be a spoil of conflicts and exploitative values that do not achieve the interests of the countries of the region. Perhaps a positive aspect of the gulf crisis is that it has alerted the world to the importance of the Middle East region, to the need for the world transformation to include the countries of the Middle East region to the advantage of those countries, and to the current situation, which is always ripe for the appearance of odious dictatorships that threaten the interests of the countries of the region and the world economy. The countries of the region can be stabilized only through growth and stability. The economic and political transformation that has embraced East Europe and the Soviet Union must extend to include the countries of the Middle East. That means economic and political growth indigenous to the region, not imported from the West, as is happening in Eastern Europe and the Soviet Union, where the financing of the economic transformation will fall to Western Europe, specifically West Germany and Japan. By contrast, the countries of the Middle East possess the material and human capabilities to finance an economic transformation and to be added as a positive force for international change. However, they lack the will to change, or they lack a catalyst for economic activity and for underscoring the importance of economic activity in the countries of the region, whose current elite cannot, because of historical factors, realize that the wheel of change and economic transformation will not stop. In this connection, Egyptian-American cooperation can achieve this future goal to the advantage of the countries of the region.

What about the future of Economic relations between Egypt and the United States?

The numbers indicate that Egypt must, in the near future, study, with America, a number of points that are essential to the development of their bilateral relations, especially regarding trade development, inasmuch as the United States is Egypt's largest trading partner, which is attributed to the high volume of our imports from the

United States, whereas our exports do not cover our imports sufficiently, which is causing an increase in the trade balance deficit, despite the expansion of the American market. This issue requires a solution to production problems in general and other problems affecting exports, such as U.S.-imposed quotas, and the lack of information and ongoing direct contact between our exporters and American importers. However, all of these traditional means will by themselves be insufficient to remedy the structural defect in our trade balance with the United States. This enormous deficit, which is not in our favor, requires resorting to investment as a means to remedy the shortcoming, especially investment in Egyptian industries aimed primarily at exporting to the American market. Investment is the appropriate formula for our current economic relations with the United States. The United States has the required capital, advanced technology needed by Egypt's industrial and agricultural projects, and an extensive, highly absorptive market. Egypt, on the other hand, has many agencies and programs that promote effective, positive cooperation with investors to encourage them to invest in Egypt. In addition, resort to exportation based on equivalent deals will help to increase our exports, albeit to a limited degree. The boosting of U.S. investment activity in Egypt no doubt requires the United States and Egypt to shortly ratify the Investments Encouragement and Protection Treaty signed between them on 29 September 1982. The treaty's complementary protocol was signed on 11 March 1986, but reciprocal treatment according to the treaty has not gone into effect, because the treaty's ratification instruments have not been exchanged yet.

Official on Investment Outlook

91A40102B Cairo AL-AHRAM AL-DUWALI in Arabic
23 Nov 90 p 6

[Interview with Dr. Muhyi-al-Din al-Gharib, executive director of the Investment authority, by Usamah Saraya; date, place not given]

[Text] At a time when the investment climate and the Egyptian economy have become capable of attracting many foreign investments, especially American investments, there has actually been a change and a decline in American investment in Egypt, because large American companies have shifted toward investing in Eastern Europe following the economic changes there. This decline has reached the point where American investments constitute the lowest share, three percent, of foreign investments in Egypt, and do not exceed 500 million Egyptian pounds, in addition to investments in the oil field amounting to \$1.5 billion. Why does Egypt not occupy a major segment of the U.S. foreign investment market, which totalled close to \$400 billion at the end of last year, most of which is invested in Canada, Japan, and the Western European countries? Why is this not the case, especially given that economic changes in the world, and in the Middle East region immediately

following the Gulf crisis, have conferred on Egypt special, international standing whose practical translation requires a prominent economic role for Egypt?

To answer these questions and become familiar with Egypt's position on the international investment map, I met with Dr. Muhyi-al-Din al-Gharib, the executive director of the Investment Authority, who responded resolutely that Egypt has become one of the most outstanding countries in the world for receiving foreign investments, and that the current investment climate is placing Egypt in the forefront of countries that are candidates for the attraction of private investments, especially after enormous economic changes, the trend toward the liberalization of the Egyptian economy, and the expansion of the private sector base. Moreover, the economic climate and circumstances in the Arab region nominate Egypt to be the model place for U.S. foreign investments, especially after the expansion of the Egyptian market's scope through large-scale economic cooperation with the Arab gulf states, particularly Saudi Arabia.

Dr. Muhyi-al-Din al-Gharib adds that private investment in Egypt has been achieving continual progress, especially since the promulgation of the new investment law. Egypt's climate of stability and security, its basic moral stand on the gulf crisis, and the orderly operational continuity of different Egyptian or foreign-owned projects and factories are all factors that have helped maintain the flow of Egyptian, Arab, and foreign investments at the pre-Gulf crisis rate, while most other parties have incurred losses. The profit rates realized by these projects have also continued at their same pre-crisis level, and profits have been retained to finance targeted expansions at the pre-crisis rate in general, but at an increased rate regarding Arab projects in particular. Arab projects are now tending to use their profits to finance increases in productive capacity, instead of transferring them abroad. That trend reflects a long-term optimistic view of the Egyptian economy and the confidence of businessmen, organizations, and the private sector, domestically and abroad, in the continuation of uninterrupted growth based on stability and the control of inflation shortly with the signing of an agreement with the International Monetary Fund.

Regarding the overall investment situation in Egypt, Dr. Muhyi-al-Din al-Gharib states that invested capital totals 10 billion Egyptian pounds at an investment cost of 19.5 billion Egyptian pounds.

Egyptians hold the highest percentage of investments, 69 percent, followed by Arabs with 16 percent, Europeans with 6 percent, Asians with 6 percent, and the United States with 3 percent. The U.S. share at the end of 1987 was 5 percent. Thus, the percentage of U.S. investments in Egypt has declined at a time when Egypt has been expecting it to increase, given the special nature of U.S.-Egyptian economic relations and the effort being made by different organizations, including the American

Chamber of Commerce and the United States Investment Promotion Organization (U.S.I.P.O.).

Egypt attaches importance to American investment for a number of objectives, the most salient being that American investment includes a transfer of technology, because American companies in Egypt usually make a clear attempt to increase the percentage of the domestic component in their manufacturing operations in Egypt. American investments in Egypt focus on joint capital projects with Egyptians and Arabs. American companies can benefit from Egypt's geographical position to acquire new markets in the Arab, African, and Asian countries. American companies in Egypt have been able to train skilled Egyptian manpower working in their factories to an international level in those industries.

American factories have also been able to adapt to the Egyptian economic climate and become a basic element in the joint foreign investment structure in Egypt. They have clearly tended to reinvest their profits in the financing of productive capacity expansions. However, we have recently noted that the American media has tended to encourage American investors to invest in Eastern Europe. Last year, this tendency adversely affected the flow of American investments to Egypt, even though the Egyptian economy has achieved great progress in the areas of economic reform and liberalization, and it has come close to becoming an open economy.

The Gulf crisis has undoubtedly focused attention on the great economic importance of Egypt's position, on elements of stability and security that underpin the constituent factors of the development process in Egypt, and on the full deference to investors of Egyptian policy and laws, especially laws that provide advantages and guarantees to investors, particularly the new investment law, Investment Law No. 230 of 1989.

The next phase could possibly be viewed as the post-Gulf crisis phase. It will reflect a trend toward accelerating the agents of economic liberalization in Egyptian policy, an expansion of the private sector's base, and the development of the public sector by increasing its efficiency. Many trade agreements will also be concluded on the liberalization of trade between Egypt and the Arab states in the gulf, which will create an expanded market that will be a primary basis for the incorporation of many investments in the Arab fatherland, increase the growth rate through indigenous means, expand the industrial base, and provide greater employment opportunities.

It can even be said that Egyptian-Gulf cooperation, especially Egyptian-Saudi cooperation, will represent the mainstay of any broader Arab economic cooperation in the future with the other Arab states. Regarding this new development, foreign investment and the large industrial and investment companies must have a primary role in developing joint interests between Egypt and the Arab countries, and between Egypt and the developed countries.

Dr. Muhyi-al-Din al-Gharib adds that Egypt's economic policy provides many facilities and guarantees aimed at increasing the capacity of many large investments inside the country or in the free zones. It has been decided to expand the establishment of free industrial zones throughout the republic and to provide them with utilities in addition to the utilities available in many cities and new cooperative societies. Specific areas can be designated in the same for state investments, or investments by specific countries desiring to invest in the manner that was agreed in principle with Japan regarding the new industrial zone in the northern Suez Canal.

Regarding investments by the United States, the cancellation of the military debts will help revive the Egyptian economy, because the debts expected to be canceled, which are American, Arab, and European, and which will total one half of Egypt's foreign currency indebtedness, will reduce the yearly burdens placed by interest and installments on the balance of payments. That will increase confidence in the Egyptian economy, which has become more liberalized and fast-moving. We should mention that the Americans' cancellation of the military debts heralds a long-term positive outlook for the strengthening of Egyptian-U.S. economic cooperation ties, and the strengthening Egypt's position regarding negotiations with the International Monetary Fund and their effect on economic reform measures that have been carried out in Egypt. These developments confirm the soundness of Egypt's economic policies and provide evidence to the world of confidence in Egypt's ability to achieve stability and control inflation.

Agreement with the International Monetary Fund will result in the rescheduling of the Egyptian banks' international debts, an increase in importers' facilities, and an increase in the possibility of insurance against investment risks in Egypt through the resumed granting of guarantees by investment guarantee organizations to foreign investors when they invest in Egypt. Dr. Muhyi-al-Din al-Gharib adds that all of these factors will combine to produce an improvement in the investment climate, so that Egypt will become the preferred place for Arab and foreign investment.

Suez Canal Development, Recouping of Revenue Discussed

91AA0108A Cairo AKHIR SA'AH in Arabic
28 Nov 90 pp 18-19

[Article by Khalid Hamzah: "Canal and the Gulf Crisis: Losses and What Solutions?"]

[Text] A few days ago, a German ship transited the Suez Canal. It was the object of a special welcome from canal officials, as it was the 500,000 ship to transit the canal during the more than one-third of a century since it was nationalized in 1956, despite having been blocked for

more than eight years due to war circumstances. Moreover, 121 years have passed since it was built and opened as a vital passageway and main artery for navigation between east and west.

However, what has happened to the Suez Canal since the outbreak of the Gulf crisis which, in a few days, will enter its fifth month without a solution, neither peace nor war? What is the amount of losses suffered in canal revenue, because of the Gulf crisis and its challenges? What is the source of these losses? How will the canal face the possibilities of war in the Gulf? How will the plan to develop the canal proceed? What are the alternatives to declining revenues? What are the solutions proposed to attract ships, especially supertankers, to transit the canal? Other issues that AKHIR SA'AH posed to Suez Canal officials concerned the canal's present and the Gulf crisis, and future possibilities.

The canal deals with 14 percent of the volume of international commerce. It earns Egypt a daily income of \$3 million, with an annual net valued at \$1.460 billion. Approximately 26 percent of the trade passing through the canal comes from the Gulf. Oil alone is 41 percent of Gulf trade. Approximately 32 percent is Red Sea and East Africa commerce. From the reopening of the Suez Canal in 1975 to the present day, the canal has earned \$13 billion for Egypt.

It is clear that crises in the region around us affect us both directly and indirectly. It is also clear that our principal facilities and areas are those that are affected first and last by those crises, which continue sometimes for years and years. The latest of these crises is Iraq's invasion of Kuwait, and the impact that that is having on the Egyptian economy, especially the Suez Canal, which has been hard hit by the crisis. However, as usual, it can weather it, and has begun to deal with it, as it has done with other past crises.

Canal Losses: From Where?

After the outbreak of the Gulf crisis, an important meeting of canal officials was held, chaired by Engineer 'Izzat 'Adil, the chairman of the Board of Directors of the Suez Canal. The following facts were recorded:

- * Exports of Kuwaiti and Iraqi oil, transiting the canal to consumption areas in Europe, have ceased. This alone represents more than 4.8 million barrels pumped daily.
- * Exports and imports of Kuwaiti and Iraqi non-petroleum goods, which also transited the canal, have also stopped. They stopped because of the complete economic embargo from and to those two countries. The result is a stoppage of approximately 10 percent of canal revenue.
- * As a result of the unstable situations in the other Gulf states, which have necessarily led to a decline in the value of their currencies, a shrinkage has occurred in the volume of their merchandise imports. These goods also

pass through the Suez Canal. These goods alone amounted to 40 million tons, representing 75 percent of the canal's profits!

- * The Gulf states' exports of oil have also decreased. Along their shores, scores of multi-national transport ships and aircraft carriers are waiting which, for their part, need a large part of the oil that those countries produce.

- * As an alternative to the diminished supply of oil, some Gulf states have attempted to increase their production by 2.5 million tons per day, representing only half of the world's demands. The other half has been made up for the rest of the consumer markets by the northern countries, Mexico, and Venezuela. This has led to the canal's losing the benefits of shipping this amount, since that occurs far away.

- * Jordan has been affected by the Gulf crisis which, consequently, has affected its exports and imports through the canal. Another important factor has begun to appear, and that is the semi-strict surveillance over goods to and from Jordan, after its supportive position vis-a-vis Iraq.

- * Lloyds of London, the insurance company for shipping and transportation, has seized this opportunity to announce an increase in the cost of insuring ships dealing with the Gulf region and, consequently, many ships are not going to or dealing with the region as a whole. Therefore, they are not using the canal because, simply put, the Suez Canal is the main route for those ships.

The only possible result of these indicators, as Eng. 'Izzat 'Adil, chairman of the Canal Board, emphasized is the expected decline of canal revenues over the short term; i.e., starting from the time the Gulf crisis began, for a period of some months, totaling 10 to 12 percent. This represents about \$200 million as a total deficit!

As for war—in the event it breaks out—several actions are expected to occur:

- Saudi Arabia will enter into the scope of the crisis, and the impact on the canal will be multiplied. The downturn in revenue will increase, in view of the large volume of Saudi trade through the canal, both in oil and other goods. Consequently, the drop in canal revenue will multiply, and a new deficit achieved, which could reach \$500 million!
- The neighboring and regional countries will be turned into a war zone, trade through the canal will stop, and Lloyds will be forced to adopt a definitive measure, that is, not to bear the responsibility for insuring ships transiting the Suez Canal because of the increased danger of crossing the region as a whole which, in accordance with international custom, would be declared a war zone.

Transiting—Normal

Despite these expectations, the indicators of transiting the canal appear to be different. The reasons for that are many, including the statement by Eng. 'Abd al-Salam Badawi, chief of operations in the Port Tawfiq Naval Station, at the southern entrance to the canal, who stressed that transiting the canal has not as yet been significantly affected by the Gulf crisis, for a number of reasons:

1. The Gulf states, and especially Saudi Arabia and the United Arab Emirates, have increased their oil exports and, consequently, have compensated for some of the shortfall caused by the stoppage of Kuwaiti and Iraqi oil.
2. There is an increased demand for oil and, consequently, transiting the canal has not been significantly affected.
3. Most countries have raised the price of crude oil. It is well-known that raising the price of oil means raising the costs of shipping it through the canal and that, consequently, raises the value of the fees, and compensates for some of the deficit.
4. Most important is the provisioning of transiting ships, especially the multi-national naval fleet, which represented additional income for the canal, and compensated for some of the shortfall.
5. Moreover, navigation through the canal in general was about average. During August when the crisis began, 1,492 ships and tankers transited the Suez Canal. On one day of that same month, 51 ships carried 4 million tons, and paid about \$6.5 million in transit fees.
6. During September and October, transit was at about the same rate, with an average of 51.81 ships per day in September, and 50.77 ships per day in October. In November, transit was at nearly the same rate.

Eng. 'Abd al-Salam Badawi thinks that the canal needs a long-range plan, in order to overcome these crises, and to find alternatives to limit their impact on profits, or to compensate for them, at certain times, without expecting the solution to come from outside the canal and not from within. The fact is that the canal, for some years, has worked to develop a plan to compensate for the impact of these crises, especially after Eng. 'Izzat 'Adil devised a plan to increase canal revenue by a percentage ranging between 8 and 10 percent annually, in normal circumstances. This involves the initiative that the board announced three years ago, giving ships operating on long lines to and from America and Australia, a discount of up to 40 percent on certain trips, when they transited the canal instead of passing around the Cape of Good Hope, shortening their voyage from four days to only 14 hours. The initiative was in fact successful, and earned additional income for the canal, estimated to be \$110 million within only three months.

Eng. 'Izzat 'Adil also discussed an initiative under study for the canal which, briefly, is to provide steamers near

to the canal in Suez, on which is placed a part of the oil cargo, accompanying the supertankers up to Port Sa'id, where it would be reloaded on to the tankers. This would help the canal to deal with 50 percent of the supertankers which, at the present time, cannot do. This could earn a net annual profit of \$100 million.

The only obstacle to that initiative is negotiations with the Sumed Oil Co., which ships crude oil from the Red Sea to Sidi Karir on the Mediterranean, despite the fact it would not be in conflict with that line.

There is also the fear of oil spills, and some pollution, resulting from unloading oil cargoes, especially since the entire region is complaining about the danger of pollution.

Alternatives to Counter Crises

Eng. 'Abd al-Salam Badawi proposes new alternatives to compensate for the shortfall in canal income. For example, there are seven canal-owned companies, whose activities range from maritime contracting to ship repair and construction. These companies are achieving less than their capacity, and the possibilities of investment are so far small. They are not commensurate with the volume of ships and tankers transiting the canal, and the capability for repair or ship building has almost ceased.

However, what about activity that does in fact exist in the dockyard of the canal organization?

Despite the presence of Eng. Muhammad Nasim, who is chief of the Suez Canal dockyard and, at the same time, the first builder of an Egyptian ship "Suez Canal" in 1960, the organization's activities, as stated to AKHIR SA'AH by Hasan Fahmi, the supervisor of planning in the dockyard, do not exceed the following:

- * Maintenance of the fleet of dredges, locomotives, floating cranes, ferry boats, etc.
- * In the past year, a bid was accepted to repair ships belonging to Iraq, Saudi Arabia, Sudan, Yemen, and Jordan, with tonnage ranging from 2,000 to 12,000 tons.
- * Maintaining ships in transit through the canal of up to 45,000 tons. As for larger ships, they go mainly to ports in Taiwan, Korea, and the Far East.
- * Since construction of the dockyard in 1960, which is the oldest Egyptian dockyard, 20 ships and dredges have been built so far. Regarding foreign contracts, they ceased many years ago.

As stated by Eng. Muhammad Zayid in the Port Tawfiq dockyard, the reason was not restricted to the organization alone. The organization's potential is immense, and is helped in one way or another by the manufacture of semi-supertankers and, at the same time, repairing them. However, there are other reasons, with two factors being mentioned.

* There is no interest in manufacturing maritime units by the canal organization and its dockyards in Port Tawfiq and Port Sa'id. There is interest, on the other hand, in the port of Alexandria. Of the six maritime units under agreement for manufacture locally, the organization's dockyards have not obtained a single one. All of them went to Alexandria.

* Even if certain companies, which are governmental, were accepted, they pay in Egyptian pounds, not in hard currency. As regards payment, sometimes after years, debts accumulate without payment.

* Furthermore, a national company asked for two ferry boats to be built to transport Egyptians from and to the port of al-Nuwaybi during the Gulf crisis, and the buildup of passengers and goods. Despite the unexpected speed with which the two ferries were manufactured in the canal dockyards, the order was not repeated, even though Egypt will need 16 ferry boats of the same type by 2000.

* The greatest danger is that, despite the abundant potential within the organization's dockyards, and its attractions for some Arab countries, that has not continued for two reasons. The first is that some countries, especially Iraq, requested to delay payment and, consequently, did not pay in cash. The second reason is that, despite our intent to manufacture certain units for some European countries like Denmark, Germany, and Belgium, there is unjustifiable competition from certain other Egyptian companies and ports, which costs the canal additional income.

Canal Development Needed

Many do not know that those activities are tied in with the magical words "canal development." The transit of a supertanker, or even the repair or construction of a ship of the same type, will only be possible after the development and expansion of the navigational channel, along with increased draft, so that it can accommodate those huge carriers. Development is fundamental, especially since canal development—in its first phase—caused canal revenues to soar, passing the billion mark in past years as a fixed annual income. More than \$13 billion has been earned for Egypt since 1975.

Eng. 'Izzat 'Adil, chairman of the Suez Canal Board, confirmed that two international consulting firms, one Dutch and the other Arab, which have been hired by the canal to prepare economic feasibility studies for the second stage of development, are still working on those studies in participation with canal specialized agencies. There is no reason whatever to cease working on them, and their results will be announced and submitted to canal officials at the beginning of next year. After that, it only remains for the board to set a suitable rate to begin the development process, in the event economic feasibility is established for those projects. Dr. 'Izzat emphasized that stability or instability in the region should not prevent Egypt from developing the canal. It is an established fact that the Gulf region contains the largest oil

reserves, amounting to 65 percent of the entire world reserves. This reserve will still be there after the crisis and for years to come. Most of it will continue to transit the canal, and represents a large part of canal revenues.

Another reason for the need to develop is that development is tied in with the necessity to develop other canal activities, such as ship repair and construction, in addition to allowing fully-loaded supertankers to transit, instead of transiting empty on their voyages from Europe and American to the Gulf.

A third reason is that the world will continue to depend on oil in the coming years as a basic source of energy and, consequently, the canal's importance as an international waterway for oil tankers to and from the Gulf will continue.

However, what about the highlights of the second development plan? Simply put, as Eng. 'Izzat 'Adil said, the development plan would permit the expansion of the canal's channel, by an increase of 5 percent. The width of the canal will increase from 365 meters to 415 meters, and the depth of draft from 53 feet to 68 feet. This will permit the transit of supertankers of up to 360,000 tons, instead of the present 160,000 tons. The important point is that this will increase canal net income annually by approximately 13 percent.

Canal: Investment Convenience

All of these alternatives with regard to building up the role of the canal's maritime dockyards, repairing transiting and friendly ships, and finishing the canal's second stage of development, represent without doubt new options for dealing with crises. However, there are other alternatives that are still far from the thoughts of canal officials or, more precisely, have not been given full weight as yet by the canal organization.

These alternatives, as defined by Suez Canal officials for us, can be summarized as follows:

* Some asked why the canal isn't being used as a station for international transit trade, such as is done in Korea, Taiwan, and Singapore? In fact, we have the city of Port Sa'id as a "free zone," suitable for those activities. We also know that an agreement has in fact been reached with Taiwan to store some of its products in Port Sa'id.

* Another suggestion, put to us by the governor of one of the canal governorates, was: why doesn't the Suez Canal authority cooperate with the three governorates surrounding it—Port Sa'id, Suez, al-Isma'iliyah—to establish some investment or tourism projects. These governorates have in fact projects ready to go in Lake al-Timsah and along the coasts, aside from the free and industrial zones, and these projects are assured of profit.

* Why not send delegations to some of the Arab countries, to stimulate these countries' role in Egypt. We all know that the canal had in fact begun to send missions to the Gulf states, to contract for new manufacturing deals

for the canal's dockyards. However, what is happening is that the delegations go and return, because of being surprised by Egyptian companies obtaining the same contracts in competition, and the canal loses out on the deal. This has caused canal officials to complain to the minister of transport and communication about the work stoppage in the canal dockyards.

* One item remains. Despite these adverse circumstances now facing the canal, which prevent its growth as a free investment organization, earning constant profit for Egypt, there are new areas that the canal has begun to enter outside its normal scope. Work has gotten under way to construct the port of Damietta, and its navigational channels are currently being developed. Canal officials have also completed dredging and developing the inner harbor in Alexandria; the second phase of this was begun the first part of last May.

IRAQ

Journalist Interviewed on Media Activities in Gulf Crisis

91AE0078A London AL-MAJALLAH in Arabic
2 Oct 90 pp 24-29

[Interview with Iraqi journalist Hasan al-'Alawi by Matar al-Ahmadi in London—date not given]

[Excerpts] Hasan al-'Alawi was one of the architects of the Iraqi media in the past quarter of a century and one of the educated Iraqis who were closest to Iraqi President Saddam Husayn. He is considered responsible for the media campaign that prepared the ground for Saddam Husayn's coming to power and autocratic rule in Iraq. When Saddam Husayn entered the presidential palace, al-'Alawi, the person responsible for the media campaign entered prison. Although this was not the first time that al-'Alawi was detained because of his political activity, it was the hardest on him psychologically.

Al-'Alawi, a leading Iraqi journalist, was chief editor of the most important Iraqi Magazine, ALIF BA' for five years (1975-1980). He managed to increase its circulation from only 20,000 copies to 275,000 copies.

Al-'Alawi, who is regarded as an authority on current Iraqi affairs, has spoken to AL-MAJALLAH about Iraqi President Saddam Husayn's character which analysts have tried to understand. He believes, for instance, "that political science is unable to provide a correct analysis of the Iraqi incident because the principles of this science are not based on the ruler's psychology." For this reason al-'Alawi attributes the failure of predictions of press analysts and politicians concerning Iraqi politics and Saddam Husayn's personality to the fact that "they always look for major reasons behind his important measures and decisions, such as war, invasion, and execution," while in fact they are "the manifestations of extremely tiny concerns. Saddam, for example, has cancelled gradualism, thus making writing on walls, students

shouting in schools, and the blowing up of establishments subject to the same degree of punishment. And since execution is what is awaiting those who resort to the aforementioned traditional methods of opposing authority, why doesn't the opposition begin right from the top of the ladder as well? Saddam Husayn has thus fostered the language of dialogue with blood."

Al-'Alawi spoke about some of the assassination plots which Saddam hatched against certain leaders and personalities, such as Yasir 'Arafat, Mulla Mustafa al-Barazani, and certain Iraqi personalities. Al-'Alawi predicted the Iraqi invasion of Kuwait eight years before it occurred and repeated his prediction five years later. In addition, he discussed various other issues in the first and most extensive interview with the man who in the party circles was known as "Saddam's friend."

[Al-Ahmadi] Appeals with religious undertone by President Saddam Husayn and members of his government are being echoed in political and media circles. Do these appeals agree with the [Ba'th] party ideology and its background?

[Al-'Alawi] The constituent principle of the party is based on separation between religion and life, if not to say excluding religion from life, the adoption of secular ideas, opposition to political and intellectual projects aimed at restoring religion as a source of legislation and humanitarian ideology (see the report of the ninth party congress). That the party should become religious and should emphasize the religious rhetoric as it is doing now, while ideologically and spiritually adhering to ideological and spiritual guide Michel Aflaq [Ba'th Party founder], is making a mockery of the Arab mind.

The Islamic mind and the attention of Muslims turn toward God, toward Islam, or toward Prophet Muhammad every time the words guidance, to guide, and guiding are mentioned. The koran mentions these words in more than 300 verses. Neither in Islamic heritage nor in Islamic society is it known that the word "the loyal guide" could be linked to any person other than prophet Muhammad. The koran says: "For you I am a loyal messenger." This is repeated in five verses of the al-Shu'ara' surah. In the mean time the minds of partisans turn toward Michel 'Aflaq and not toward God and his messenger wherever the words guide and loyal are mentioned.

In Iraqi rhetoric a basic change has been made in the Islamic invocation, putting the party's spiritual leader, Michel 'Aflaq, in the place of God who alone dispels the darkness of doubt and gives abundantly to the people.

Let us read the invocation in issue number 6968 in the newspaper AL-THAWRAH, the party organ, published on 26 June 1989 and signed by the chief editor:

"O architect of my soul and my guide on the paths of life:

"When earnestness is at its height and consciousness is lacking, when it is difficult for one to distinguish

between black and white, I used to resort to you and to choose the place you have chosen and adopt the stand you adopted. You would bring me out of my perplexity, lighten the darkness of my doubts, and grant me abundantly, thus putting me on the right path and leading me to the realm of certainty.

"O Loyal guide,

"For half a century your thought was ahead of its time in perceiving the truth. So sleep reassured, you are the guiding teacher whose words are the beacon that guides us, the haven in which we seek shelter, and our safeguard against erring and deviating."

The truth is that I was expecting a wave of protests from religious centers in the Arab and Islamic countries against this direct affront to the heart of Islamic ideology, but this did not happen. If you compare the passion and warmth of this invocation with those of [Salman Rushdie's] *Satanic Verses* comedy you will see that the difference lies only in the Iraqi invocation being more ardent. With regard to the party's daily practice of power in Iraq, the party has laid down a large-scale program to suppress Islamic thought and persecute its sincere followers and even those in the party ranks who hold a religious belief or have a desire to curb the strength of secularism in the party and tone it down with some Islamic spirit.

The liquidation of Munif al-Razzaz, the nationalist thinker and former Ba'th Party secretary general, in 1980 falls within this category.

Al-Razzaz tried to create a new ideological system for the Ba'th Party, a system that would be less hostile to Islam and to the pan-Arab heritage.

The liquidation of nationalist thinker 'Abd al-Rahman al-Bazzaz, who was Iraqi prime minister before the Ba'th Party coup in the late sixties, was part of the program to end what would constitute a basis for nationalist-religious or Arab-Islamic cooperation, according to al-Bazzaz's conciliatory theory that says there is no conflict between Islam and Arab nationalism and that Arab nationalists should arm themselves with the spirit and ideals of Islam.

As for the ugly method by which the eminent Islamic thinker Muhammad Baqir al-Sadr was executed, it was perhaps a precedent that no regime ever came near to emulating it.

Statistics by Islamic adherents show a tremendous increase in the number of those sent to the gallows. If some of these are exaggerated, it is an established fact that more than one hundred religious scholars wearing their cloaks and turbans have been executed.

The only aspect in which the party achieved considerable success and distinct credibility in matching words with deeds concerns its attitude toward religion. With amazing ability the party implemented and turned into

reality what its secular propagandists and the planners of its westernization [taghribi] project were advocating.

I believe that this was what prompted [Iraqi foreign minister] Tariq 'Aziz to answer with a big 'yes' to the question: Has Michel 'Aflaq died contented?

[Al-Ahmadi] How do you evaluate the Iraqi regime's call for a comprehensive confrontation with the United States and the West?

[Al-'Alawi] I believe that Michel 'Aflaq's followers are not qualified to lead the Arab liberation movement. Given their social background and political practices they are not fit to lead a battle against the United States and the West. This is in addition to the fact that they originated from the westernization project.

We can point to another reason relating to the Ba'th generation and the nature of every generation and its ideological and political inclinations. For example, the first generation in Iraq between 1954 and 1958, that is the founding generation, benefited much from the pan-Arab and nationalist activities during that period, such as breaking the arms monopoly by the Syrians in 1954 and later by the Egyptians, the concepts of Bandung, the party activities in Syria and its opposition to the Eisenhower doctrine and the Baghdad pact, and the Egyptian-Syrian unity alliance. Prior to that there was the nationalization of the Suez Canal and the subsequent aggression against Egypt. For this reason the founding elements were able to undertake a mission such as this. The founding generation, including the rightist wing, was removed and so it played no role in the second phase of the party rule that began in 1968. It is the second generation that now rules Iraq. This generation joined the party and was reared and brought up during the bloody clash with the Iraqi nationalist parties following the July 1958 revolution. This means that the generation which Saddam Husayn represents did not take part in the Iraqi nationalist action or the pan-Arab action.

This generation's task was limited to striking at the nationalist movement, guided by the ideas of Michel 'Aflaq and the rightist wing that killed the 14 July revolution.

It is to be warned here that the party's success in liquidating the 14 July revolution and the nationalist movement cannot lead to a similar success in the confrontation with the West. The Iraqi Ba'th has been able to successfully lead the battle in the opposite direction.

[Al-Ahmadi] Since the invasion of Kuwait the Iraqi authorities have been putting forward unity ideas in order to win the pan-Arab public. As one of the leading knowledgeable people, what are the aims of these Iraqi ideas?

[Al-'Alawi] The Iraqi Ba'thists do not consider themselves to be the inheritors of the pan-Arab trend. One can refer to the writings of Dr. Ilyas Farah that are found on an oft-repeated rule, namely that "the party is a separate

and not a continuous body." In other words, it is not a continuation or an extension of another trend. This is an important observation from which we understand the Iraqi Ba'th's continuous efforts to terminate the pan-Arab forces' role in the arena. But the party does not hesitate to employ these forces in tasks or at certain stages at which the authorities feel the need to employ. With regard to unity I, as a participant in politics and the media in the party experiment, can claim that there has been and there still is a strong desire to maintain this within the sphere of rhetoric but not in real life.

[Al-Ahmadi] Will the economic blockade force Saddam to withdraw?

[Al-'Alawi] Khayrallah Tilfah, the president's uncle, told me that he once visited President al-Bakr and Saddam Husayn and told them that the radio and television director general should be a person who should at least have some awareness of Arab and Islamic heritage and some respect for society's feelings. The answer of the two men was: Where can we find such a person? The present director is the best available. Tilfah stood up and told the two men:

"What right has a party to hold on to power and to monopolize if it does not have one man fit to be the radio and television director general?" These words could be the fitting answer. We too question this party's right to power, for after 22 years in government it has been unable to provide milk and eggs for children. Two weeks after the blockade the party proudly boasts through all the media that Iraqi children are starving.

The blockade has revealed the truth regarding the deterioration of agricultural production in a country which in the past was renowned for its being the world's bread basket. It transpired that, despite all the boasting about progress and development, the country relies on foreign imports for 80 percent of its food.

Saddam will not withdraw because the children are starving but will withdraw when his power faces a serious threat.

[Al-Ahmadi] Certain Arab organizations, parties, and newspapers stress Iraq's right to acquire modern technology and condemn attempts to obstruct the Iraqi project for this technology.

[Al-'Alawi] Until recently I believed that the talk about Iraqi technology was merely media disinformation. I used to argue that Iraq, which does not have a single factory to manufacture school notebooks and which seeks assistance from Italy and Japan to print school textbooks, cannot possibly have a technological base.

But I was surprised that the talk about technology is real. However, I was not surprised to find out that this technology is for the purpose of building poison factories, making Iraq the world's fourth [largest] producer of

gas and germs. This reveals the true nature of the moral, social, and psychological makeup of the party led by Saddam Husayn.

He fails to construct a cow farm, yet he succeeds in the construction of poison and germ farms.

[Al-Ahmadi] Moving to the Iraqi opposition, we can find no impartial information regarding its real size.

[Al-'Alawi] It is the largest opposition in the third world, the most worldwide, with the deepest wounds and a history of losses that goes way back.

[Al-Ahmadi] How effective and capable is it in toppling Saddam Husayn?

[Al-'Alawi] The basic difference between the work of the Iraqi opposition and other opposition bodies is that it is facing a secret organization and not a government. But this organization has an official army and a republican palace as well as embassies, diplomatic representation, oil wells, banks, international links, technical aid, and security treaties.

This secret organization-state plays in the domestic field as well as in the foreign field the role of revolutionary opposition, sometimes borrowing the methods of Latin revolutionary action and other times Palestinian revolutionary action. But it could also seek assistance from non-political secret organizations and utilize their expertise in confronting the opposing enemy.

In dealing with the opposition, the state organs abroad and at home assume the role of secret opposition. Hence we are faced with the following:

- The embassy is not an opposition target, but the opposition locations are the target of attack by the embassy staff who enjoy diplomatic immunity.
- The opposition does not kidnap state employees. It is the state that kidnaps the opposition members.
- The state assassinates those who oppose it in both the local streets and wherever they may be abroad without heed for international custom. The opposition does not do the same so as not to be called terrorist.

While the government has been acting under both its Arab and international cover, the opposition has been acting under its local cover and with some marginal support from here and there.

Certain wings of the opposition still deal with authority the same way they deal with constitutional governments.

[Al-Ahmadi] There has been talk about an Arab and international cover for the Iraqi opposition.

[Al-'Alawi] This is something that Saddam Husayn beat them to more than 20 years ago.

[Al-Ahmadi] What are your views regarding the internal conflicts in the party and government?

[Al-'Alawi] The Arab and world press and the political circles are still relying on political science. So they talk about opposition by a certain Revolution Command Council [RCC] member or minister to a certain decision or measure. (We read in the Arab newspapers, quoting international newspapers, that 'Izzat al-Duri [RCC member] objected to massacres by 'Ali Hasan al-Majid in Kurdistan). We also read a report that he has submitted his resignation.

This is a gross mistake.

In talking about Iraqi affairs one must look at customary action in a secret organization. There is no secret organization that accepts discussing the resignation of one of its members. Resignation is conspiracy and a conspirator is liquidated immediately.

Consequently, this word [resignation] has been removed from Iraq's political dictionary since 1968 and, at best, has been replaced by the term "relief."

This was the state of affairs during the era of al-Bakr-Saddam joint rule. At present the term "relief" is abolished; a relieved minister disappears. Asking or enquiring about him is, according to the party organization logic, banned and any such attempt, that is trying to find out about the disappearing person, is considered participation with him in the conspiracy. For this reason two RCC members, Tayih al-'Ani and Tahir al-'Ani, were expelled because they enquired about the absence of the minister of health who comes from their village. Following that, a statement announcing his execution was issued. The Kurdish minister of state, 'Ubaydallah al-Barazani, disappeared, and no statement about his execution has been issued to date.

[Al-Ahmadi] What about relations between Ba'thist leaders in power?

[Al-'Alawi] Say "between party subordinates," for the word "leaders" is far too big.

The behavior of an RCC member or cabinet member is exactly the same as that of a subordinate soldier toward an officer. The same terminology, the same form of address—sir, standing to attention, freezing of movement, silence, or yes sir, ready. It is only in this respect that the regime differs from a secret organization in that in such an organization a more courteous language is used. There [in Iraq] there is one officer and a number of soldiers and noncommissioned officers in an army barracks in a state of maximum alert.

[Al-Ahmadi] Does this mean that there are no quarrels inside the party and the government?

[Al-'Alawi] The existence of quarrels is one thing and expressing them is another. I do not believe that quarrels and conflicts find expression. With regard to mutual feelings and the nature of real relationships, bear in mind and accept this rule: A Ba'thist does like another Ba'thist.

If two Ba'thists agree with one another it is because they share enmity toward another Ba'thist.

The Ba'thists used to quarrel and exchange insults, but Saddam Husayn's presence has done away with this phenomenon. Quarrels now takes place according to a decision by him and under his supervision.

Up to 1978 a party member or official was able to make observations and voice criticism to a veteran Ba'thist. But all this has come to an end.

Taha al-Jazrawi, now known as Taha Yasin Ramadan, the first deputy prime minister, used to attack Saddam Husayn in front of me. Had this been recorded on a video you would have heard him telling me: You do not understand the role of the comrade vice president, that is Saddam. You are exaggerating his role in the revolution and party. He was one of the comrades sitting at the back of a military truck when we drove to the presidential palace on the night of 17 July 1968. The one who was leading the detachment was sitting next to the driver, and that was me. Al-Bakr, 'Ammash, and Hardan had preceded us to the palace where the tank battalion commander Sa'dun Ghaydan was waiting for them. This was the picture of the revolution.

Al-Jazrawi repeated this every time we met. One day I whispered in Saddam's ear that our friend is looking for an inflated role. To which he replied: Our problem is always with those of inflated importance.

[Al-Ahmadi] How then did Saddam spare him and execute the rest?

[Al-'Alawi] Only God knows this secret. This is because all those he executed were close to his heart, or so we thought. I used to believe that no one will arrive at the gallows in record time before Taha al-Jazrawi if Saddam Husayn assumes power. [passage omitted]

[Al-Ahmadi] How do you explain the reason for Tariq 'Aziz gaining prominence and the expansion of his political role?

[Al-'Alawi] Tariq 'Aziz did not gain prominence. Tariq 'Aziz was a leading member and editor of the party paper until 1963. Several times he was expelled from the party. He is totally committed to Michel 'Aflaq's party line. He is probably among the most efficient Iraqi ministers of information with whom we worked. He could be the most efficient. He is distinguished for his great concern to protect his bloc and the groups that work with him, a character that you will not find among others. [passage omitted]

[Al-Ahmadi] Earlier you expounded on your views regarding 'Abd-al-Karim Qasim after 20 [years] what are your views regarding Saddam Husayn after 10?

[Al-'Alawi] Much of what happened with Saddam Husayn after he became president I did not expect to happen. I knew him as vice president. I used to believe that Iraqi policy, its method of action, and concepts

during the era of Ahmad Hasan al-Bakr would be discarded in favor of more modern methods. We strongly believed that the government defects were due to al-Bakr, because he was an aged person of limited capabilities and intellect.

We were shocked by President Saddam's first step, for he executed those who composed his wing in the party and government and maintained al-Bakr's wing intact. This was the first surprise. It was followed by changes aimed at changing the party structure and public policy trends.

With regard to my views on Saddam Husayn, it is unfortunate that many of the educated people, media men, and politicians in the Arab homeland were not ready to comprehend the views of the Iraqi opposition despite the importance of such comprehension for them all. What I personally wrote about those views was widely published in the opposition press. In those writings I expressed my views and discussed my experience in Iraqi politics. I have come to conclusions which I included in my books, copies of which I present to you personally.

It would suffice to say that in our view Saddam Husayn was not a man loyal to his social class nor honest with it, despite the feelings he used to demonstrate toward the Iraqi people whom we kept preoccupied with the business of searching for eggs, for a prisoner, for a missing person, or for shelter.

Saddam made no effort to become a statesman. He has insisted and still insists on remaining in a secret organization, turning the state into a secret organization, and borrowing state trappings for the organization. For him the Iraqis seem to be members of this secret organization.

Iraq must return to the rank of states. It will not return because Saddam does not respect state rules as much as he loves the atmosphere of secret organizations. Yet he does not comply with the positive aspect of secret organizations, which is to live simply and austere. Instead, he is greedily wallowing in the life of legendary luxury made available to him by the state.

[Al-Ahmadi] As a person with a wealth of information about Saddam Husayn, how was your experience with him.

[Al-'Alawi] I am one of the early writers of the party. The role of writers in this kind of party appears to be big from outside the party. But inside it is a humble role. I was not concerned with my organizational status, particularly since my personality, which in the party was characterized as disorderly, was not amenable to compliance and automatic response to orders.

Abroad the party needs a writer. Inside it is run by people who believe that defending political beliefs and expressing loyalty to them should take place around an acid basin [presumably reference to a means of torture] and not with a pen.

The task of writers in these parties seems to be to beautify the scars caused by the acid basin.

The last press campaign that annoyed the public and was sponsored by ALIF BA' magazine, of which I was the chief editor, aimed at paving the way for Saddam Husayn to become the number one man on the basis of revolutionary and partisan criteria that, outside the party, are unacceptable to public logic. But those who toe the party line find much justification for preferring Saddam Husayn to Ahmad Hasan al-Bakr, even though these justifications were no longer valid after Saddam Husayn assumed exclusive power in the party and government. Al-Bakr seemed most anxious to maintain the party's structure and its principal cadres, which led to quickly discarding him.

Don't forget that a party advocate convinced of his role, regardless of the legitimacy of such a role and the justice of his cause, will encounter disputes proportionate to the role the party is playing in the other direction.

The campaign that I undertook ended with Saddam Husayn assuming the presidential seat and me entering the public security detention center.

During the first week of August 1979, when I called him one night before leaving Iraq for abroad, President Ahmad Hasan al-Bakr told me in my last talk with him: "We have become wanted by the supreme comrade."

Ten years after I left the party, I am still wanted by the supreme comrade, despite incessant struggle and daily opposition to the ruling regime in Iraq that has required great efforts, especially after undergoing surgery for arterial blockage.

Steps Taken to Encourage Personal Savings

91AE0106A Baghdad AL-JUMHURIYAH in Arabic
18 Oct 90 p 3

[Article by Sa'id 'Abud al-Samara'i: "New Steps to Encourage Individual Savings"]

[Text] Monetary authorities recently made certain important decisions to encourage economic activities in the country, particularly in these difficult times for the Iraqi economy. The first decision was to increase interest rates, and the second was to issue bonds in an amount not to exceed 1,000 million Iraqi dinars.

On 26 September 1990, the Iraqi Central Bank decided to amend the interest rate structure in Iraq; interest rates on regular savings accounts will go to nine percent, instead of eight percent, and on fixed six-month deposits, or less than one year, 9.5 percent, instead of 7.5 percent. On fixed deposits for nationals for six months or more, the rate will be 10 percent instead of eight percent. The new rates are effective 1 October 1990.

Undoubtedly, the reason for the change in the interest rate structure is to encourage individuals to save their money in commercial banks, in addition to the fact that

these increases in the interest rates will compensate for some decrease in the true value of interest rates paid by the banks, because of the rise in domestic inflation levels. This means that savings and investments, and their applications, will be decisively affected by valuations of the true interest rate in the long term, which is more important with regard to those who make decisions regarding savings and investments.

While these decisions depend on what people expect to happen in the future, the expected inflation rate in the long term, and not the current inflation rate, is what should be used as a factor to adjust the higher interest rates, because world inflation rates control their rising direction. This direction includes Iraq as well; negative interest rates must be offered in a way that guarantees safeguarding the individuals' wealth.

The fact is that true negative interest rates do not encourage the masses to save, but instead act to keep a large percentage of their money away from areas of savings and investments. Circumstances like this encourage the buying of real estate and consumer goods, and efforts to obtain foreign currencies, particularly the dollar. The citizen tries to get into a position free from liquid cash he has on hand, and resorts to constant buying of consumer goods and speculation in real estate and foreign currency. This preference does not only lessen financial savings suitable for investment, but also puts increased pressure on prices, which weakens the position of local currency in foreign money markets (when the coverage is foreign commodities or assets—i.e., foreign currency).

Accordingly, increased interest rates will definitely encourage individuals to increase their various savings, particularly fixed and available deposits, through deposits with commercial banks, instead of hoarding money in their homes, or using it for nonproductive objectives, which do not serve the Iraqi economy in these circumstances, which call for economic revival at home, in order to resist the economic blockade imposed upon us.

Moreover, increased personal savings, which will occur because of increased interest rates, will undoubtedly help to encourage individuals or government agencies to do business with banks. This business could develop in the future, when people put their cash into commercial bank accounts. This is an important advantage for the Iraqi economy, because it would spread bank assets, due to the use of checks as the means of payment, either in commercial transactions or for purposes of paying salaries and wages, thereby diminishing the use of cash. Further, facilitating banking business, and lessening the routine, would result in encouraging the masses to accept doing business with banks through the use of checks, which would lead to a decrease in the amount of circulating currency, despite the fact that this measure would not lead to reducing the liquid surplus, since its effect would be limited to cash circulation turned into the banking system in the form of deposits.

As for the second decision that the monetary authorities have taken, it is promulgation of Law No. 58 for 1990, in accordance with the Revolutionary Command Council's Resolution 391 on 8 October 1990, which permits the minister of finance to issue nominal bonds or Iraqi government bearer bonds, up to a total of 1,000 million dinars.

The process of issuing government bonds is a practise that the state resorted to during the war years. It was very successful, because there was strong acceptance with regard to purchasing these bonds, as they were bought up a short time after being issued. Certainly, issuing government loan bonds in these circumstances will act to absorb the liquid surplus cash held by individuals, reduce the amount of circulating currency, and prompt individuals to accumulate savings, in addition to forming new fiscal resources for the state.

Government bonds are noted for three elements, security, liquidity, and profit.

One could say that these monetary actions will help to encourage personal savings, and make it valuable for the benefit of individuals and to profit the community as a whole, through increasing the state's fiscal resources. This will finance the development of various phases of economic activity in the country, reviving economic activities despite the economic blockade.

ISRAEL

Israeli Defense Minister on Saddam's Intentions

91AE0090A Tel Aviv BITA'ON HEYL HA'AVIR
in Hebrew Sep 90 pp 8-10

[Interview by Aharon Lapidot with Israeli defense minister Moshe Arens; date, place not given]

[Text] In order to defend its rear against a possible attack, Israel relies first and foremost upon the air force. First of all—the air force."

Thus spoke defense minister Moshe Arens, in a special interview that he granted to the air force journal. When, if at all, will Israel actively intervene in the conflict? The defense minister prefers not to give details. However, "if we feel that our interests are about to be prejudiced, we will act".

The defense minister added that Israel was well prepared for an offensive to its rear, even if the offensive were to be, as he put it, "unpleasant."

"The Iraqi chemical capacity is limited," noted Arens, "but it exists. Our chance of frustrating the attack is not bad. Our chance of deterring Saddam from action is also not bad. They know how we will react if they try anything. But, nonetheless, the probability of an Iraqi attack on us is not zero."

[Aharon Lapidot] The probability that you speak of is based on reasoning. In your opinion, does Saddam Husayn act within the framework of reason?

[Moshe Arens] Saddam Husayn is a totally unpredictable person. He is by no means insane, as [others] have tried to describe him in various places. This is using the wrong terminology. When [they] say that he is insane, [they] mean that his perspective of the world is different than ours, that his set of values is different. That does not make him insane. He is well thought out, in the sense that he takes things into account. It is true that he is also mistaken in his considerations.

In his strategic considerations, he was wrong at least twice: once when he went to war against Iran, which he estimated would continue several weeks while it continued for over eight years, and the second time when he did not correctly estimate the power of the world reaction to the capture of Kuwait.

[Lapidot] Is he now trying to escalate the situation or to calm it down?

[Arens] The fact is that he did not initiate combat against American forces several weeks ago, when the concentration of American forces was much smaller than today.

The Americans are accumulating a lot of forces here. Airplanes, ground forces, naval forces. Any military action that Saddam will want to initiate now will be much more difficult for him.

[Lapidot] In a conflict of this dimension, should there not have been some manifestation of the strategic alliance between Israel and the United States? What kind of strategic asset do we constitute for the Americans if we are on the outside in such a conflict?

[Arens] I would not want to think of Israel as anyone's strategic asset. This refers to strategic partnership. This is a partnership that has existed for a great many years. I think that after this crisis, regardless of how it ends, the importance of strategic relations between Israel and the United States will be greater than in the past for the United States. This is because the United States is now more aware than ever of the dangers facing the world in our region.

In a long term view, Israel can profit from the circumstances that have been created. The best can be made of a bad situation. For years we have been saying that Saddam Husayn poses a danger to the world. We were alone in this assessment. Therefore, we were also fairly alone in facing this danger. And now, the United States, along with a large part of the world, sees the danger, and is standing against it. We are no longer alone.

[Lapidot] What is Saddam's ultimate goal? Does he want to take control of Saudi Arabia's oil sources, perhaps to become a modern Salah a-Din?

[Arens] I would define him as a person who has unlimited ambitions. In order to explain his steps, one must

understand that this is a person who has accumulated a great deal of military power, and he is willing to utilize it. He does not recoil from employing military force in order to obtain political objectives, a recoiling which exists in democratic states, to refrain from violence and to defend human life.

[Lapidot] If this is known, how did it happen that both we and the Americans were surprised by the capture of Kuwait?

[Arens] We were shocked by the brutal move of his taking control of a neighboring state. I do not think that it is correct to say that we were surprised. By this, I do not mean to say that we knew that he was about to enter Kuwait. But we have long understood that he is willing to employ his army in order to advance his interests.

At the time, toward the end of the Iraq-Iran war, I was asked on several occasions whether the end of that war was good or bad. I answered that it was for the best in the sense that human lives would be saved. But, on the other hand it is clear that after the conclusion of that war, he will seek out other goals for himself. I do not know anyone that explicitly indicated Kuwait as the next goal. But it is no surprise for us that this man is aggressive, that he seeks for himself goals that he can achieve by means of force or through the threat of the use of force.

Perhaps in the West there were people who had illusions about him, who thought that after the experience of the Iraq-Iran war he would no longer want to fight, that he would want to invest his resources in the rehabilitation of the state and of its population. This proved to be wrong. He is continuing to invest most of his resources in strengthening his army and in the development of unconventional weapons.

[Lapidot] Does he or does he not have chemical warheads for the missiles in the arsenal?

[Arens] I would not like to outline precisely the intelligence information that we have with regard to his strength. But the entire world knows that he has chemical weapons and that he used these weapons in Halabjah, against the Kurds.

The fact that he is trying to obtain nuclear weapons is also known to everyone. Our air force moved him back by bombing the reactor in 1981, but did not totally stop him. Just recently, one of the American columnists, George Will, wrote that the greatest contribution to disarmament in the last decade was the bombing of the Iraqi reactor by Israel.

[Lapidot] Biological weapons were also spoken of. Is this a new factor?

[Arens] From what we know of him, I am willing to believe that he is working in every direction.

[Lapidot] How would you assess the military move that he made with the capture of Kuwait?

[Arens] As stated, this is a large army. It amounts to a million people. It is equipped with more than 5,000 tanks, more than 500 combat planes. This is an army with experience. Granted, experience of a certain type in almost static combat against the Iranians, but it has experience.

[Lapidot] How do you assess the force that is standing against it?

[Arens] The multinational force led by the United States is a very significant force. The aerial force that has already gathered there is very powerful. The Americans, I am certain, would prefer to defeat him by means of economic sanctions. But it could be that their conclusion is that it is impossible to do this without employing force.

[Lapidot] It seems to me that the international coalition standing against Husayn is unprecedented in the modern world since, perhaps, World War II.

[Arens] For this, President Bush deserves full praise. He rose to the challenge of the great danger facing the entire world stemming from Saddam Husayn, and succeeded, within an extremely short period of time, in creating a very broad alliance that includes: the states of Western Europe, Japan, Egypt, Syria, Saudi Arabia, in addition to the support of the Soviet Union. While the latter may not perhaps be very enthusiastic, nonetheless, it supports the United States. This is a tremendous achievement.

[Lapidot] What are Saddam Husayn's chances of crumbling this coalition against him? Does it appear to you that mentioning Israel at every opportunity is intended to obtain at least some Arab support for his moves?

[Arens] One of the things that most disturbs him is the fact that part of the Arab world, headed by Egypt and Syria, has stood up against him. There is no doubt that he is trying with all his might to upset this anti-Iraqi alliance. I am certain that the Egyptians, and I assume that even the Syrians, know that when he says that we painted air force planes with the colors of the American air force, and that Israeli pilots are masquerading as Americans—that this is a downright lie. Therefore, I do not know what his chances are of crumbling the coalition against him through such lies.

[Lapidot] And what about popular pressure, from below, in the Arab states?

[Arens] My impression is that in Egypt Mubarak is receiving broad support for his moves against Saddam.

[Lapidot] In this confrontation, whose side is time on?

[Arens] It very much depends on what each side does in the time available to it. The Americans are taking advantage of the time well. They are bringing forces into the region. From the perspective of their chances in a military confrontation, their situation today is much better than at the start of the conflict.

Of course, the most important question is what it will be from this point on? Will the economic embargo defeat Saddam—then, time is on the Americans' side. Or, over the course of time, will this anti-Iraqi coalition weaken? Will American soldiers in Saudi Arabia begin to demonstrate dissatisfaction, or will the American public become tired of this entire situation, with pressure at home? In that case, time is on Iraq's side.

It is very difficult to determine a priori which of the scenarios will come true. One thing is certain—Bush is very determined to solve the crisis. I think that he understands the magnitude of the danger that Saddam Husayn constitutes in the region and to the world.

[Lapidot] With all of Bush's determination, how will he deal with the issue of the hostages?

[Arens] The matter of foreign hostages is an act of desperation on Saddam's part, an attempt to convince the Americans not to attack him, out of their concern for the fate of the hostages. I am certain that America will show great fear for the fate of the hostages. This is one of the characteristics of a democratic state, like America or like Israel. There is concern for human life as individuals. Nonetheless, I do not think that the hostages will substantially change Bush's strategy.

I do not believe that Bush will decide to ignore the danger that Saddam Husayn constitutes to the world and to fold, in exchange for the release of the hostages.

[Lapidot] Do you agree with the assessment that if this crisis had developed a few years earlier, we would now be on the verge of a world war?

[Arens] Definitely correct. During the period of the cold war, it would have been reasonable to assume that, in such circumstances, the Soviet Union would have stood up against the United States. The inter-bloc thaw has already made a great contribution, in addition to its many other contributions, in the sense that we do not find the Soviet Union standing at Iraq's side in the crisis. To the contrary.

[Lapidot] Is it true that Americans are employing this opportunity to test some of their most innovative weapons?

[Arens] The Americans develop many weapons systems, although in recent weeks a large cut in their defense budget has been reported, as a result of the thaw in relations with the Soviet Union. This cut also means the cancellation of several projects under development. There are still, however, a large number of very advanced weapons systems that they operate. Some of those systems are evident in Saudi Arabia.

If you wish, you can see the deployment of these systems in Saudi Arabia as an experiment if, indeed, they are put into operative action.

[Lapidot] There is no operative reason that can justify bringing a F-117A to the Gulf.

[Arens] I assume that they can deal with Saddam Husayn without this plane as well. But it is a fact that they used the F-117A in Panama. It must not be forgotten that they are about to confront the Iraqi air force, which is equipped with Soviet radars. If the Americans have a plane with an area of radar marking which is low, [as published] i.e. invisible to radar, this is a clear operational advantage.

[Lapidot] We, too, will not be sorry that the Apache will undergo a baptism of fire in the Gulf...

[Arens] Correct.

[Lapidot] Regarding the Apache: It is arriving to our air force now. How do you assess its contribution to the air force in light of the many debates that accompanied its purchase?

[Arens] The Apache is an expensive helicopter, but I am a great believer in helicopters and particularly in combat helicopters. I think that this is one of the salient characteristics of the future battlefield. It grants third dimension to ground combat. It is very effective in assisting ground forces.

[Lapidot] In light of these events, what would you say that should be part of the air force in the defense budget? Should it be cut relative to today, or should it receive a larger portion?

[Arens] I think that the current proportion between the budget which the air force receives and that which the ground forces receive is correct. The budgetary 'pie' is indeed divided in accordance with the needs.

Of course, I am not happy about the total budget that has been made available to us. I would like more.

[Lapidot] Is there a budget for the development of the anti-ballistic "Arrow" (Hetz) missile?

[Arens] American secretary of defense Dick Cheney, promised support at the second stage of the project. This is a very important thing. There is high regard in the United States for our achievements with regard to this project, and it is important not only to us, but also to them.

[Lapidot] How do you assess the deterrent power of the air force today, in light of the massive—and qualitative—strengthening of the Arab states?

[Arens] We hoped to achieve a qualitative advantage with the Lavie but, as known, the project was cancelled. Nonetheless, the memory of the amazing surprise that the air force demonstrated before the world in the war in Lebanon is still fresh. The liquidation of the Syrian ground—air missile formation without casualties, a downing ratio of 90 to 0—all of this is still alive in the memory of our neighbors.

It is true that today they have Mig-29s and Sohoi-24s. But our air force has also purchased F-15 and F-16 planes. And our real advantage are still people.

The gap is not narrowing. We have a problem with the resources that we must put toward the armaments race. We simply must use the resources intelligently; in particular, [we must] turn them toward development. We have proven that we are capable of developing systems that are among the best in the world, that will grant us a qualitative advantage. In the quantitative plane, we could never compete.

[Lapidot] Finally, what would you like to wish the air force for the new year?

[Arens] We hope that this will be a year of absorption of advanced equipment and successful training, and that we will not have to fight during its course. We hope that it is a year that will march us toward comprehensive peace in the region.

Levi's Relations With Cabinet Staff Described

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[Interview with Foreign Minister David Levi by 'Avi Bettelheim; date, place not given]

[Text] A few days before his first trip to the U.S., Foreign Minister David Levi was invited to a meeting in the Prime Minister's office. Also present were Defense Minister Moshe Arens, General Director Yosef ben 'Aharon and Government Secretary 'Eliaqim Rubinshteyn. Levi asked for ideas to counter the Baker document in his meeting with the American Secretary of State.

Shamir said what he said. 'Arens, whose shaky relations with Levi are no secret, contributed something symbolic. When Rubinshteyn and ben 'Aharon's turns came, Levi grimaced in restrained anger until he could not take it any more and broke into ben-'Aharon's speech shouting: "What is all this jammering on; do you think I am a child?"

There was astonishment in the room. The General Director and the Secretary tried to mollify the Foreign Minister, saying that they were only trying to brainstorm. But the session was quickly terminated. Levi was not ready to trouble himself to go to the Prime Minister's office to hear advice from officials. It is hard for him to get over the impression that he is not greatly appreciated, that they are trying to teach him how to be Foreign Minister.

Rubinshteyn also upsets Levi in the UN General Assembly. A while back he met with U.S. ambassador William Brown to discuss the American warning to American tourists not to go to the Middle East and to refrain from visiting the West Bank. The two meet frequently and talk about various issues. The Government Secretary, a scrupulous official, reported the details

of the conversation to the Prime Minister and to the Foreign Minister. The report was sent to Levi, to New York. He became boiling mad and immediately instructed the Government Secretary in writing to coordinate his future meetings with the ambassador exclusively via the Foreign Ministry.

Relations with Shamir are complicated and delicate. Respect plays a central role there. Within the system of sound working relationships between a Foreign Minister and his Prime Minister, Levi should have contacted him at the conclusion of his meeting with British Foreign Secretary Douglas Hurd, and updated him within the ten minutes it took the guest to travel to the Prime Minister's office. But Shamir and his aides know Levi. They imagined he would not communicate on his own initiative and politely asked him to agree to phone Shamir during the break between the meetings. He did not call. They called again from Shamir's office, and learned from Levi's office that he was in the bathroom. Seconds before the British Secretary's car pulled into the yard of the Prime Minister's office, Levi phoned him and flashed Shamir a few words about the conversation.

David Levi forced the Prime Minister to give him the Foreign Ministry portfolio, just as Yitzhaq Moda'i got Treasury. Shamir was not in love with either of them. If it were up to him, he could just as well do without them. He was forced to give them the portfolios in order to set up the government. Originally he wanted to leave the Defense Ministry in his own hands, appoint Rafa'el 'Eitan Deputy Defense Minister, leave 'Arens in the Foreign Ministry and return Moshe Nissim to Treasury.

Outwardly Shamir gives Levi full backing. He plied him with sweet talk after the report of his discussions in the U.S.: Right on, David. That was a most successful trip. I am satisfied. You worked hard, and I am asking you to go rest a little. You deserve it. And when Yosi ben 'Aharon protested against the document of obligation that he gave to Baker, Shamir was quick to assuage him: "I scolded him," he told Levi. "I chewed him out; I do not know what got into him. I did not say a word."

The criticism of Levi, the Prime Minister keeps to himself. He did not like the document of obligation. Levi should have consulted with Israel before he signed. In closed circles it was hinted that the Americans know Levi's signature doesn't obligate Shamir. They heard there that the Prime Minister never appreciated him. And, in general, Levi lacks the talents needed for the job of Foreign Minister.

But the Foreign Minister is not the Minister of Construction and Housing. He cannot be ignored. Once a week they meet for a private conversation. Almost every day they talk by phone, generally at the initiative of the Prime Minister. Levi, as noted, does not communicate on his own initiative except rarely. He also does not ask for meetings. If Shamir wants him, let him come to him.

[Levi] I work with the full cooperation of the Prime Minister. To this day I have never heard even the

slightest word or hint of criticism. We exchange ideas and share difficulties. There is also joint consolidation of things and continuous reporting, which he is satisfied with. He has told me so explicitly. Shame on anyone who claims he said otherwise.

For years Levi has dreamt and talked of the Foreign Ministry as a stepping stone to becoming Prime Minister. Friends told him that only in a government job with worldwide exposure would he be able to shake loose from the provincial image of the Histadrut strongman and leader of the Herut factional falanges. On the eve of his entry to the Foreign Ministry they hinted that he should change his work habits from the Ministry of Construction and Housing. No more prolonged absences from the office or long days of idle conversation with associates. No more aides with narrow horizons whose thinking is limited to the needs of Party Central members.

Levi did not take the advice. Since the recent elections he treats with suspicion and sometimes anger, those who call themselves confidants when they really aren't any more. One after the other he has been abandoned by MK's 'Ovadia 'Eli, Ya'akov Shamai, Yehoshu'a Matza', 'Eli'ahu ben 'Elisar and Mikha'el Kleiner, who were considered in his camp and felt deprived by him.

One of his "official" confidants says that Levi is angry at MK's and other activists who only milk him then disappear from the scene at the hour of tribulation. Several MK's accuse Levi of reneging on earlier promises and agreements and not lifting a finger for them in the internal Likud elections. One way or the other, Levi decided not to rely on them and not to build his camp on them in the next elections. He arrived at the Foreign Ministry without the MK's, and the conclusion that they lack real political strength. He also learned a lesson from Yitzhaq Rabin in the Labor Party Central after the latter defeated Shim'on Peres in the Ma'arakh faction in the Knesset.

Now Levi is criticized for not refreshing his team and for thus far not appointing a political advisor. The Foreign Minister: "Whoever I bring on as political advisor, three months hence there will be those who feel he didn't supply the desired merchandise. They will begin to attack him and hold him up to scorn. Reporters pounce on people and kill them with lethal criticism for working for me. Then I cannot say they are geniuses or possess an analytical mind. They are not the sun in the sky, which I do not see in other ministries. They are good people who do their jobs and sometimes make mistakes. I don't know anybody who does not make mistakes. But in the overall balance these people are dedicated and carry out their work loyally.

True, it is difficult to work with me. If I am attacked anonymously, my aides are attacked far worse. I understand people, and it is enough for me if they are dedicated to their jobs. I do not abandon friends. I do not leave my friends behind. Whoever worked for me, when

I advanced, he advanced, too. This is David Levi and that's the way he is. I won't change and I don't get excited. Let them judge me by my deeds, by the way I struggle to get the jobs done, by my meetings with statesmen throughout the world and by what I improved and advanced."

He once had a rare friend and adviser, a man of great understanding with a sharp sense for politics. The death in a traffic accident of Mikha Reiser, of blessed memory, was one of the tragedies that Levi has known. Reiser was and remained one of the only people who dared to preach to Levi, "You made a mistake, you shouldn't have done that." Today no replacement has been found for him in the Minister's entourage. Levi is a sworn devotee of compliments. Anyone who learns the formula for flattery as quickly and correctly as 'Uri 'Oren will also last 14 years.

Levi boasts that the Foreign Ministry clerks are his advisers, but in a short time he managed to get into difficulty with them twice. "Stop being afraid of your own shadows," he yelled at them in a broad forum after the criticism they levied over the leak of the Egyptian request to transfer refugees from Iraq through Taba. The second time was when they demanded salary concessions. Levi was angry at the internal campaign they conducted against his aides and again yelled at them: "Don't threaten me. You aren't doing anyone a favor by working here."

The Foreign Minister, exposed and vulnerable, finds himself wounded. He is convinced that he is being persecuted and that there is agitation against him and that they would not stop at anything to destroy his political existence. After many years in the Ministry of Construction and Housing, in which he nourished a good, close system of relationships with many reporters, it is hard for Levi to get used to the unfamiliar, acrimonious, biting political media that use him as a whipping boy in their articles of criticism, at times cynical and full of scorn. In the past his confidants in the Ministry of Construction and Housing would play down his mistakes and prevent a bad press. In the Foreign Ministry there is no one to do that.

"On my visit to the U.S. there were moments of visible friction between me and Baker. I wanted them not to get used to concluding things behind our backs. In the end we got past that. Apparently, he understood the kind of person he was dealing with. I didn't lose my head and was not foppish. I am firm in my beliefs and hold fast to what I believe to be the truth. I have nothing to be ashamed of, nor any inferiority complex, even with the representative of the strongest superpower. Then, thank God, we reached very good agreements, while here a rumor mill has developed, set in motion by people who have been busy spreading false information, disinformation. My response is to get on with my work. Anyone who thought that at this opportunity I would not only smooth over all the difficulties with Baker and reach an

understanding on several issues, but also turn him into a friend of the Likud, is attributing magic powers to me that I do not have."

It would be a mistake to discount David Levi. He is a smart, original person, really intelligent, who creates a deep identity around himself, at times to the point of isolation from unwanted courses. He is a seasoned politician, graced with an amazing ability to read the political map correctly, especially at moments of crisis, when some of his colleagues are seized by depression or weakness. Some of the criticism of him is unjustified and hurts him. But by the same token he cannot cleanse himself of the mistakes that have distorted his image.

First of all there are his games of respect. His first visit to the U.S. reminded people of Menahem Begin in Washington, and the impression that the main thing was to be photographed with world luminaries. After an appearance on 'Moqed' the Prime Minister complimented him and said that "David Levi is a good, diligent pupil." Levi was insulted. I am a pupil? Whose pupil? But when it is a matter of respect for other people, he is not equally sensitive. Upon his return from Washington he declared that relations with the U.S. had been restored, and stung Moshe 'Arens with a clumsy hint that it was he who was responsible, in his opinion, for the deterioration of relations in the previous term. Everyone was convinced that Levi or someone speaking for him leaked James' Baker's criticism of Defense Minister 'Arens to the Israeli media. The truth was something else. A check turned up that those who did the leaking were two officials in the Foreign Ministry who wanted to get even with their previous boss. Levi, an honorable man, did not reveal their names.

His deputy, Binyamin Netanyahu, surely yearns for the days of 'Arens. Levi, in fact, suggested that he remain in the Ministry, but Bibi got the movement's decision from the Prime Minister's office. Shamir wanted him for propaganda shows abroad. The marriage did not result in a romance with Levi. Relations between them are shaky. Netanyahu has to walk on tip toe in order not to steal the limelight from the Minister. Levi was afraid of being in the shadow of the American media star and did not take him along on the trip to the U.S. The frustrated Bibi meets with 'Arens in the improvised position of a contact between the Foreign and Defense Ministries, given the lack of enthusiasm on the part of the two Ministers to talk to each other. It was he who lowered tensions after Levi's public demand for the issuance of gas masks, in opposition to the stance of the defense establishment at the start of the Gulf crisis.

In contrast to his advisers' forecast, the Foreign Minister's hat has not sprouted wings for Levi and has not freed him from the bondage of his factional image in Likud. On the eve of the Jewish New Year, he came to Metzudat Ze'ev to raise a toast with the people of his camp. The organizer of the party was Re'uven Rivlin, the MK closest to him. Earlier a similar party was held there by the 'Arens camp. Levi, who had just returned from the

U.S., did not engage in self glorification and did not share his great experiences beyond the circle of his political camp. Rivlin: "Levi proved that he does not kick the class despite the fact that he has moved up a class."

Afterward Levi hurried on to Nahariya and dropped back a class. With people present, he attacked 'Uri Shani, the chairman of "Amidar" and the adviser to 'Ariel Sharon, who wanted to strike at the position of one of his loyalists in the Ministry of Housing (the acting director of the northern district). The Foreign Minister, who only the day before yesterday had shaken the hand of George Bush, screamed: "I warn all of you and you in particular. If you get rid of Slutzky, it will amount to a declaration of world war." Levi knows that his political crutch was and remains the Slutzkys.

There is a great gap between Foreign Minister David Levi's public image and the appreciation of him in the government, especially that of Shamir and 'Arens. Levi lives with this contradiction: "I am already used to these things and they do not bother me. If someone has something against me, let him stand up and show his face. If someone has criticism or reservations, he should get up, that's his obligation. But let those people stop perverting the media by using it as a sewage pipe, excuse the expression. I have been living this subject for years. It is the same rumor mill, of poisoned drippings, of forecasts of what will happen to David Levi, whose strength has waned and who no longer has support. From time to time that comes to the test in the Likud and the results speak for themselves: In the voting booth I came out on top.

From the office of Foreign Minister he has his eyes set on first place in the government, as well. His former confidants like to poke fun at him saying that in the best case scenario he might be up to the job of Prime Minister of Norway. There he could mix formality with popularity. Levi, set in his views, is only 52. He does not need Yitzhaq Shamir's signature to make it to the Prime Minister's office. More votes in the Likud Central will be enough. That is not impossible.

Patriotic Is Not Chauvinistic

[Bettelheim] Does your personal rivalry with Defense Minister Moshe 'Arens allow any substantive cooperation between you?

[Moshe Levi] There is intra-party rivalry between us, but when I took on the job I told the Prime Minister explicitly that duty requires us to work together. Let us suppose rivalry for the time being and let us say some day it comes to political battle. Until this year 'Arens said in general that he did not intend to seek the leadership of the movement. I am honest; I said explicitly that I would run. It may be that this is what caused a rebellion against me and the attempt to stop me at any cost. I hope that what reason did not accomplish, time will. It is possible to be friends even within political rivalry.

[Bettelheim] After your letter of obligation to Baker they recall that you voted for IDF [Israel Defense Forces] retreat from Lebanon and say that you are really a dove.

[Levi] I am an Israeli person, a patriot, but not a chauvinist. Someone apparently thinks that to be a patriot means to be aggressive toward everyone, to display impatience and intolerance. I don't go around knocking my head against the wall. I handled the matter of Lebanon with a clear conscience. They try to make you forget that I was among the first to support the Peace for Galilee campaign and the destruction of the nuclear reactor in Iraq.

[Bettelheim] The mayor of Jerusalem, Teddy Kollek, openly attacked you for the document.

[Levi] With all due respect to His Honor, I once prepared the programs for confiscating the territory that allowed us to establish Pisgat Ze'ev. He attacked me then and said the decision was a dreadful disgrace. When time passed and we got to the ceremony of laying the cornerstone, he said that Jerusalem never had a Minister of Construction and Housing like David Levi. What can I do with him? He wants to be extraordinary. This government is no good. The Ma'arakh government was, by his own definition, foreign to him. I do not know what government he wants.

[Bettelheim] Did you not make mistakes in this Ministry?

[Levi] What did they not write or say about me on the matter of the gas masks. How can you say that raising the issue created panic when the same body that criticizes me says that if we are attacked, we will not know about it in advance and the missile will land here within four minutes. After they began handing them out, I heard praise on the radio for a public that showed maturity, did not become upset and did not panic.

They also attacked me on the matter of an agreement concerning the transit of Egyptians who escaped from the Iraqi hell. The Egyptian ambassador turned to me to ask if we would allow them to cross through Taba. I spoke with the Prime Minister; he said, David, yes. I announced that to the ambassador and he was happy. Two hours later he came back and said: No thank you, we changed our mind. A day passed and I thought the citizens of Egypt and other countries ought to know that Israel again took a humanitarian approach. When I talked in New York with Butros Ghali, he said: In Egypt they praised you in the press after it was published. Both the intellectuals and the masses appreciated you. Here they almost stoned me. It was as if the Egyptians had refused because of my announcement. What is this talk? Do they think this is some primitive sitting here?

[Bettelheim] And at the end of the conversation with Ghali, when he met with Israeli reporters, you pulled him away and did not allow him to face questioning. That is why they would not forgive you.

[Levi] Then let them not forgive me. But, by the same token, I saved him from confusion and my country from hardship. He could not afford to be a punching bag at that critical time. After saying openly that there should be no linkage between the Persian Gulf crisis and the solution to the Palestinian problem, you have to pressure him? You must not forget he is an Arab. I felt it wise to put an end to it. Is this another ricochet? Is this another arrow aimed at him by reporters? I told him: Come, my friend, this is enough. I took him away from there. He was, after all, my guest.

Moda'i Predicts Quick Economic Growth

90AE0150A Tel Aviv MA'ARIV in Hebrew
14 Nov 90 p 1B

[Article by Aharon Pri'el]

[Text] In another five years, the Israeli economy will develop at the fastest rate in the world, up to 10 percent per year, and Israel will emerge from the Persian Gulf crisis, regardless of its outcome, as the only positive element in the entire region, Finance Minister Yitzhaq Moda'i stated yesterday in a speech he delivered in Rehovot to members of the board of directors and the Association of Friends of the Weitzmann Institute.

Minister Moda'i spoke at a ceremony for the bestowal of the Charles Qoller [as published] Prize, which was given this year to Dr. Moshe Reshfon [as published], the director of 'Amos de Shalit Youth Activities Unit at the Weitzmann Institute, for the unit's contribution to the advancement of education and science in Israel.

The finance minister defined the massive immigration of Soviet Jews to Israel as having "the significance of the days of the Messiah," and he indicated that the contribution of the new immigrants, 40 percent of whom are university graduates, to the development of Israel in all areas "will bring about a dramatic change in Israel's economy and status in the world."

Moda'i stated that "in another five years, the state of Israel will be different in every respect compared to its current situation."

The finance minister indicated that Israel, which does not, as it were, receive any help in the light of the crisis in the Persian Gulf, "is now behind the scenes." According to him, 14 percent of the state budget, after the allocation of debt repayments, is devoted to defense, and the cost of acquiring energy this year will come to \$1.5 billion.

"Israel is prepared for any event. We are continuing our lives as if nothing has happened in our region. However, somewhat more money is being allocated for defense. It is not so easy to exist with 20-percent annual inflation, 8.8-percent unemployment, a deficit of \$800 million due to the decline in tourism, and the need to absorb a thousand new immigrants in Israel daily," he stated.

Minister Moda'i indicated that, in the next four years, Israel will need to mobilize \$40 billion to \$50 billion to absorb immigration. "Where will we obtain the money and how will we absorb a million new immigrants in the course of five years? We will do this because we have no choice, as we did in the past. It is possible, not imaginary. In another five years, the world will be convinced that Israel's economy is the most flourishing economy in the world because of the immigrants," Minister Moda'i stated.

Labor Hawks, Generals Angry at Gaza First Initiative

91P40103A Tel Aviv MA'ARIV in Hebrew 3 Jan 91 p 4

[Text] The proposal by Labor Party doves to unilaterally abandon the Gaza Strip has aroused a wave of protests in the party. This is not only among hawkish Knesset members [MK's], but also among four retired generals who are close to the dovish camp.

Reserve generals Uri Or, Yanosh Ben-Gal, and two reserve colonels, Dr. Efrayim Sneh and Arye Mizrahi, issued a public statement completely opposing the proposal: "The concept of unilateral withdrawal from the Gaza Strip is contrary to national interests. It is impractical to disconnect the status of 700 thousand residents of Gaza from 900 thousand residents of Judaea and Samaria. A settlement that unilaterally grants authority to Gaza residents only increases violent unrest in Judaea, Samaria, and Gaza. It is not feasible that the Palestinian claim of authority will make a unilateral Israeli step possible, without Israel receiving secure borders in exchange...only a solution anchored in a bilateral agreement between Israel and Palestinian leaders will bring an end to the conflict."

MK Yitzhaq Rabin spoke yesterday about the idea, saying: "We are talking about a circle representing a small minority in the Labor Party. Most of the members are faithful to the party platform to which we are obligated—continuing to speak with Palestinians from the territories."

Six MK's from the hawkish branch—Mikha'el Bar-Zohar, 'Imanu'el Zisman, Hayim Bar-Lev, Mikha Goldmann, Shlomo Hilel, and Shoshana Arbeli-Almozlino—decided to demand that Secretary General Mikha Harish oppose, in the name of the party, the initiative to leave Gaza and to convene elements within the party to again sanction its political platform.

The political committee of Shinuy yesterday authorized MK Amnon Rubenstein to place on the floor of the Knesset, the law that he formulated with MK Ran Kohen (Citizens Rights Movement).

Helicopter, Submarine Coordinated Training

91AE0089A Tel Aviv BITA'ON HEYL HA'AVIR
in Hebrew Sep 90 pp 56-59

[Article by Dror Marom]

[Text] The Dolphin Squadron is a very modest one, a hangar with helicopters, some orange-white, some blue-gray. In fact the squadron belongs to the Air Force, but

the Navy is its patron. The Navy wanted to increase the horizon range of the radars on its missile boats and bought marine helicopters from the U.S. Coast Guard, second hand, like new. Those helicopters, an American version of the original French Dolphin helicopter, got to be members of the helicopter corps chasing drug shipments all along the southern U.S. coastline. They "immigrated to Israel" and exchanged their original mission in the U.S. for crowded intensive activity under the command of the Israeli Navy, where the potential targets they got for detection, instead of heroin and cocaine boats, were missile boats, terrorist craft, merchant vessels skirting the border and even submarines.

In a few hours we will go to sea. At a depth of a number of kilometers from shore we will meet the Navy's submarine "Rahav," 50 m long, 5 m wide, painted dark green. The submarine will become the target for the radar of a pair of Dolphin helicopters.

About three years after the establishment of the first Dolphin squadron, we can point with satisfaction at the results. The nucleus of Dolphin helicopters, which began to put on flesh in 1983, was initially considered an experimental project and nothing more. Years passed and within the difficult budgetary reality of the Navy, which financed the purchase, the Dolphin squadron was established. The first year represented a period of evolution for the new helicopters, and crews were trained to operate them. On the Navy's missile boats, from the decks of which the Dolphin lifts off for its mission and to which it returns from distant sorties in the open sea, new systems were brought in to control the helicopter and its operation.

The squadron works around the clock despite, or perhaps because of, the small number of helicopters. In order to carry out the squadron's established missions, both routine and special, the helicopters have to fly a lot, and the pilots carry out a lot more sorties than other pilots. The pilots regularly carry out two sorties a day.

However, alongside the satisfaction with the impressive development of a contingent of marine helicopters in the Air Force, some less optimistic pronouncements have surfaced that will affect its future progress. The Navy, it is claimed, is not sufficiently pushing the idea, and the noise that was heard in the past has considerably weakened, almost to the point of disappearing.

There is also a new enemy on the horizon, almost out of the blue—small, non-human but worthy of a lot of consideration from every point of view: the pilotless drone helicopter manufactured by the Aviation Industry, that accomplished its maiden flight at the end of last July. Within the Dolphin squadron they don't yet think of the drone helicopter as a real enemy, but some of the

pilots here will grudgingly admit that it is a good example of the need for unmanned aircraft in the future battlefield.

"Despite the fact that the drone helicopter is portrayed as an effective and efficient craft, it will not yield results of the same caliber as those of a pilot and systems operator accomplishing the same mission," says Second Lieutenant A., the squadron's youngest crew member.

As we said, the squadron is very young, but it has already been declared fit to carry out all missions. Today all the squadron's people are waiting for the right decisions about increasing the family. True, they do quite well with the helicopters they have today, but the Dolphin corps is small, say the squadron's people, and there is material fatigue in the helicopters, wear, and constantly recurring malfunctions.

Second Lieutenant A., a navigator, completed his pilot course only recently, and when he got to the Dolphin squadron he had to relearn the whole theory. "Everything I learned in the course was relevant to flight on a normal scale," he says. "We learned, for example, to fly and navigate over dry land at low altitude and with various kinds of maps. We didn't even touch marine navigation. In the Dolphin there is no navigation. The helicopter navigates itself by computer. It has a main mission computer into which are fed all the data for the sortie before takeoff, and it flies accordingly. The computer is also responsible for transmitting the relevant information to all the gauges on the panel and also controls the radio. The flight instruments—altitude, speed, rate of descent and automatic pilot—are state of the art. The helicopter can maintain fixed flight altitude and direction, and even when a strong gust of wind pushes it off the calculated flight plan, it will get back on course by itself and correct the deviation. It works digitally and does better than the pilot could do by himself."

The integration of the Dolphin into naval battle occurs for a defined mission—it works on missions of area identification and detection. Its large flight range and its long radar range allow it to provide an effective solution to the problem of the missile boats' limited radar, which does not reach as far as its missiles' range. The Dolphin flies in the area where the missiles fall, identifies its targets, reports them, transmits fire data and allows the missile boats to fire blind. When it operates in the naval battle arena, the Dolphin helps prevent fire at the wrong targets.

"The Dolphin is excellent for participating in area battles, and its radar is the main element in that," says Major D., the squadron's deputy commander. "Under optimal conditions targets can be identified at a distance of 160 miles from the helicopter. We participate actively in constructing the naval battle picture and stand ready to go on short notice. Communication between us and the Navy is accomplished very well. We learned to speak their language, and they, on their end, learned what we

can do. We are a small body working with a limited group of people and vessels in the Navy. That allows us to quickly apply the operational lessons learned. There is a lot satisfaction in the flights. We fly the Air Force's most advanced helicopter and one of the most advanced in the world. It is constructed mainly of composites, an area that will lead the way for all future helicopters. Those materials withstand pressure and have natural flexibility that withstands loads. The computer updates the pilots continuously about range, fuel, engine data and flight limitations, and everything is done on a data display of vertical gauges. That is to say, there aren't any more analog displays that have to be read and deciphered, but, instead, digital data that are very easy to understand. When you work with any kind of limitation, the helicopter signals you with bold oranges and reds."

Most of our training program consists of tactical cooperation activities with the Navy, during the course of which, area battle is drilled," says Captain A., the squadron's training officer. "We participate in battles between vessels trying to destroy each other with gunfire. The Dolphin joins the forces in reporting on targets, including the identification and registration of data about them. The missile fire is mainly accomplished on the basis of the data we supply. The missile leaves the boat and flies toward the target relying on the helicopter's data alone. We know about the enemy long before he knows about us, and that is a decisive advantage in sea battle. We work day and night. Without the presence of the Dolphin in the area, the missile boats would have to approach their targets in order to identify them, to get into detection range and be exposed to weapons directed at them. We also conduct complicated drills with a large number of participants and know how to work with many different elements at the same time. The Dolphin is a very sophisticated helicopter, and all the work in the pilots' cabin is carried out at the touch of a button."

We will meet the submarine, 50 m long, weighing 540 tons, with a crew of 35, somewhere in the north, 10 km from shore. We sit in the Dolphin's forward cabin. Major D., the squadron's deputy commander, will fly us deep out to sea. Cruising speed is 140 knots. On the colorful instrument panel the data flicker on and off displaying the amount of fuel in each of the two tanks and in both of them together, the helicopter's weight and the communication frequencies with the controller and the rest of the field elements. Everything in a digital display. In the center of the panel, next to the two pilots, is a square, dark screen, the radar, the wonders of which we will consider below.

Major D. zeroes the systems and updates the computer with all the relevant flight data. Now he brings the Dolphin out of the lean-to and taxis to the runway. The liftoff is accomplished in a quick, stable sprint, with the screen showing meteorological data and details of the functioning of the dynamic systems in the helicopter. The computer has already been fed the submarine data we need, and from now on it conducts the flight. We fly north along the coastline. On the radar screen, which just

now comes alive, the coastline is traced in gray from the Gaza Strip up to the area of Tyre and Sidon. The names of the towns we pass on our way north appear in turn on the screen: Herzlia, Netanya, Ga'ash, Hadera, 'Atlit, Haifa. It is a moving radar feed and map feed.

The cruising speed of the Dolphin is 140 knots, but it can fly much faster than that and is stable when it does so. Helicopter number two appears on the computer and reports its position. The submarine, which is much slower than we are, left before us and is making its way under the water in a westerly direction. Different targets appear on the radar screen: civilian boats, planes and even small islands close to shore. Ten minutes to the rendezvous and we turn slightly westward. The horizon is clear meanwhile. Number two and the helicopter that is photographing us suddenly appear on the screen, grayish "blips." We are already close to the point marking the submarine. When we are eight km out from the Israeli coast, the submarine is in the center of the radar screen; now it can also be seen with the naked eye. It surfaces, throwing whitecaps into the air and creating a cloud of mist around it. After a minute or two its tall conning tower opens and a number of dim figures burst forth, armed with telescopes. The submarine itself is still mostly under the water, but its dim outline is clearly visible. Just as we approach and get into position to take pictures, the periscope comes up from the body of the submarine and turns toward us, transmitting the pictures to those sitting deep under the water.

The submarine is long, narrow, tall and the two Dolphins circle around. This represents an astounding rendezvous in the open sea.

Major D. adjusts his flight to the speed of the submarine, almost hovering in air. The prolonged hovering is very stressful on engines and pilot alike. Number two and the helicopter taking the pictures are active in the area, moving in and out of position. "Red ahead, blue in back," says Lieutenant Colonel B., the squadron commander, flying the lead chopper. The rotors of the two Dolphins that are hovering and straining raise clouds of mighty drops from the sea, and the three submarine commanders standing on the command tower are completely drenched. Suddenly, all at once, they disappear, the tower closes behind them and the periscope is lowered. The submarine sinks down slowly, on its way to some other training, and our helicopter formation returns to home base.

Plans To Exploit Oil Shale

91AE0117E Tel Aviv YEDI'OT AHARONOT in Hebrew
10 Oct 90 p 4

[Article by Gabi Baron]

[Text] The exploitation of huge oil shale deposits in Israel to produce energy will enter into high gear toward 2000. The increase in fuel prices on the world market is making it more worthwhile to exploit oil shale to produce energy. An electricity and steam production facility

capable of supplying 13 megawatts per hour of electricity is already in operation at Mishor-Rotem in the Negev. That facility, which is powered by the direct combustion of oil shale, actually supplies 6.4 megawatts of electricity to industrial installations in Mishor-Rotem and large quantities of steam to the phosphate plants.

The Electric Company is engaged, jointly with the Energy Resources Development Company, in preparing a project to build eight power stations powered by the direct combustion of oil shale. Each station will have a capacity of 120 megawatts. The planning phase will be completed in the fall of 1991. If the appropriate authorizations are obtained, the first unit could be activated in 1996. All eight units will supply about a sixth of the country's electricity consumption. The ashes of the oil shale, which actually comprises soft rocks saturated with oil, will be returned to the original excavation site. According to current calculations, the production of one kilowatt of electricity from oil shale will cost about five cents, which is almost equal to the cost of producing electricity from crude oil. The technical manager of the Energy Resources Development Company, Dani Giv'oni, stated that the production of oil from oil shale has become worthwhile again in view of current world oil market prices. The company attempted to produce oil from oil shale at an experimental facility. However, the development of a model facility, at a cost of \$15 million, which is able to produce 300 barrels per day, was shelved due to the decline in oil prices on the world market. The cost of producing a barrel of oil from oil shale is estimated to be about \$38, which is a competitive price in the current world oil market.

An Electric Company spokesman stated that the company is continuing its trend toward exploiting more coal and less crude oil to produce electricity, in accordance with a multiyear plan that began after the great oil crisis of 1973, without any connection to the present crisis. The Electric Company currently generates about half of its annual electricity production through coal at a cost of about two cents per kilowatt, compared to more than four cents per kilowatt of electricity produced from crude oil.

From June 1989 until June 1990, the Electric Company burned about 2.3 million tons of crude oil and about another 3.6 million tons of coal. A ton of crude oil produces 60 percent more energy than a ton of coal. The spokesman added that the Electric Company is the largest consumer of fuel in Israel, and that it consumes about 20 percent of the total consumption of fuel products in the state of Israel. In 1996, the company is planning to activate a new power station in Hadera, which, like other modern power stations, will be able to operate using coal or crude oil.

At the same time, the plan to build a hydroelectric plant at the Dead Sea or the Sea of Galilee is gathering momentum. Such a facility would be based on drawing water into a large reservoir by exploiting electricity during hours of low electricity consumption, and the

activation of water-driven turbines during hours of peak electricity demand. A facility of this type was planned in the past as an independent unit on the Sea of Galilee, and at the same time as part of the [Mediterranean-Dead] Seas Canal Project at the Dead Sea. The cost of producing a kilowatt of electricity using this method is similar to the cost of producing a kilowatt of electricity by coal combustion.

If oil prices remain at their current level for a long period, it will also become more worthwhile to build a solar power station of the type built by the Israeli Loz Company and exported to the United States.

Settlements Planned in Wadi 'Arah, Nahal 'Iron

91AE0150B Tel Aviv MA'ARIV in Hebrew
21 Nov 90 p 7

[Text] The settlement department in the [Jewish] Agency and the Housing Ministry are forming a plan to establish a large urban settlement in the Nahal 'Iron area (Wadi 'Arah). The settlement will extend along a hillock for five km, from Mitzpe Qatzir to Atar Habrekha in the area of Mey 'Ami. The settlement is planned to accommodate about 10,000 persons. Smaller settlements are also being planned at Asif in the direction of the slopes of the Gilbo'a [mountain chain], Pne Megiddo, and Tel Elonim north of Wadi 'Arah. There will be 250 families in these settlements.

The head of the settlement division in the Zionist Federation, Yehi'el Laqat reported that the master plan, which was developed before the wave of immigration from the Soviet Union began, deals with the expansion of the existing settlement at Mitzpe Qatzir and the establishment of a settlement at Atar Habrekha. However, the settlement department, in cooperation with the Housing Ministry, is currently envisaging an urban continuum between Mitzpe Qatzir and Atar Habrekha containing about 5,000 housing units.

In the explanatory remarks accompanying the original plan, it is stated that the Nahal 'Iron area is of great national importance, because the Wadi 'Arah Highway, which links the north and center of the country, passes through it. The Jewish population in the area is very small compared to the Arab population (about 1,000 Jews in five settlements compared to 160,000 Arabs in about 60 settlements) and has grown at a slow rate.

The plan's goal, as stated in the explanatory remarks, is "to significantly increase the Jewish population in the area within a short time."

"This goal can be realized most efficiently by deploying a settlement network composed of a group of community settlements having a village character. "These settlements are to be developed around an urban settlement with a population of about 12,000 persons, which would constitute the center of the region, geographically and functionally."

New Immigrant Apartments Planned for Negev

91AE0150C Tel Aviv MA'ARIV in Hebrew
22 Nov 90 p 1B

[Article by Uri Binder]

[Text] In the next three years, 50,000 apartments will be built in the Negev at a rate of 15,000 apartments per year. This forecast was made yesterday by the director of the southern district in the Construction and Housing Minister, Arye Bar, during his presentation of estimations regarding the start of the expedited project to build housing for immigrants and young couples.

Estimations regarding the accelerated construction project include preparations to start building 3,610 apartments in the settlements of the Negev. Each unit will be built on a plot of 250 sq m and will have an area of 60 sq m that can be expanded in the future by 120 sq m. Of these 3,610 units, 1,500 will be provided by foreign entrepreneurs with winning bids. The balance will be built by contractors from the Negev who have committed themselves to adhering to a shortened timetable of only five months.

The large volume of construction in the Negev and the demand to keep pace with the rate of immigration are making it necessary to appeal to entrepreneurs from abroad. Accordingly, the Construction and Housing Ministry is negotiating with large construction companies in Yugoslavia, France, and the United States with the objective of bringing them to construction sites with their own knowledge, equipment, and financing.

One of the conditions for the introduction of foreign contractors is their ability to build about 2,000 housing units per site.

The building upswing in the Negev can be seen in the completion of infrastructure works, while new projects begun before the arrival of the immigrants from Russia are being implemented in Beersheva.

In the southern area of the city, new villa [detached housing] neighborhoods are being developed next to Lon Forest. Adjacent to them are multistoried prestigious apartment buildings.

There is a site for accelerated construction next to the Ramot villa community in northern Beersheva. In the center of the city are multistory apartment buildings in areas that have remained deserted since the development freeze began in the city about 15 years ago. Immigration authorities in the city estimate that the occupation of the new apartments and villas will free up hundreds of apartments for the absorption of new immigrants within a year.

Economic Infrastructure Required in Territories

91AE0213E Tel Aviv HADASHOT in Hebrew
4 Dec 90 p 17

[Article by Yehuda Litani]

[Text] Sunday's murderous attack on a Dan autobus once again highlighted the problem that will be concerning us in the near future. Young men from the territories and Gaza are seeking to carry out murder in our land at the direct or indirect inspiration of fanatic Muslim or PLO organizations.

I hope to be wrong, but it seems that the autobus incident at the beginning of the week will not be the last of its kind. The latest pamphlet of the intifadah leadership (no. 65) urged the youth of the territories to carry out similar actions in the future, while the Islamic Jihad in Amman was boasting of the action in the Dan region and promising similar ones in the future.

In view of the fact that tens of thousands of Palestinian workers from the territories are being fired from their jobs in Israel, going back to their villages, and having nothing to do all day, worse and more serious terrorist actions can be expected in Israeli cities even without encouragement from the intifadah leadership or outside organizations.

When Minister David Magen announces considerable cuts in the number of Palestinian workers employed in Israel without simultaneously proposing employment alternatives for those workers, he contributes to raising the levels of unemployment in the territories and adds oil to the fire of hostility and accusations.

This is the kind of situation that the late defense minister Moshe Dayan feared throughout his term and tried to avoid. A "pressure cooker" was how he referred to it, and he tried to preempt it by employing workers in Israel.

And now the pressure cooker is hissing and is about to blow up. Fifty or 60 more unemployed men in the West Bank and Gaza will bring the explosion even closer. Even without ministerial statements concerning laying off workers from the territories and threats by KAKH hooligans against store owners, it looks like the number of Palestinian workers in Israel will go down even further in the near future.

Some employers fear for their lives and the lives of Israeli employees in their stores or businesses, while in other cases the workers themselves are afraid to cross the green line because of security searches, threats by extremist Israelis, and hostility from the Jewish population.

The only, albeit not immediate solution to this problem is to forge a serious economic infrastructure in the territories for the Palestinian population. This is the obvious order of the day whatever the political situation. Economic factors in Israel, beginning with Histadrut

enterprises, have until now been successful in precluding the establishment of such an infrastructure for fear of losing the territories as a market and for fear of competition in the Israeli market itself.

Despite the present world economic crisis, the people in the territories can raise funds from Arab and western sources to build an economic infrastructure. Since 1967, however, various Israeli governments have been afraid not only of economic competition and of losing the market of the territories, but they have also feared that an economic framework may be an incipient infrastructure toward an independent Palestinian state, of a state in coming.

During the three years of the intifadah the territories market became progressively closed to major Israeli companies because the population mostly preferred to purchase products manufactured in the territories, and also because their purchasing power dropped.

The third anniversary of the intifadah at the end of this month will be a good opportunity to give the matter a second thought. In addition to the security aspect and efforts to preclude serious deterioration of the situation, the Israeli government must ensure appropriate employment for the residents of the territories.

If new immigrants from the Soviet Union and veteran Israelis take jobs from workers in the territories in Israel, practically the only solution left, for tens of thousands of newly unemployed people in the West Bank and Gaza Strip, will be additional jobs in the territories themselves.

KUWAIT

Information Minister on Countering Iraqi Propaganda

91AE0047D London AL-QABAS AL-DUWALI
in Arabic 5 Oct 90 p 2

[Article by Nabil Suwaydan: "Shaykh Jabir al-Mubarak Stresses Role of Kuwaiti Information; We Counter Iraqi Lies With Facts; Information Center's Power Includes Culture"]

[Text] Cairo—Shaykh Jabir Mubarak al-Hamad al-Sabah, the minister of information, has said that Kuwaiti information has begun to stand on its own feet anew and has begun to prove its presence after the dispersal it suffered in the wake of the tyrannical Iraqi aggression against Kuwait.

In an interview with AL-QABAS AL-DUWALI and SAWT AL-KUWAIT, published by the Kuwaiti Information Center in Cairo, the minister said that it is well known that with its aggression against Kuwait, Iraq's invasion targeted Kuwait's information institution and agencies as a primary objective. From the start, this invasion tried desperately to destroy the edifice of the energetic and effective Kuwaiti information media. This

tyrannical and malicious regime cannot deny this media's role in supporting Iraq regionally, at the Arab level, and internationally. But these attempts, which have extended to take the form of poisoned information directed at our Kuwaiti people in our occupied country, have failed to affect our citizens' psyche. The attempts have not and will not succeed in diminishing the spirit of resistance in confronting the invaders who are desecrating Kuwait's pure soil, in weakening the extremely strong popular resentment against this flagrant and premeditated aggression, or in undermining the Kuwaiti people's adherence to their land, country, and legitimate leadership until the final drop of their blood.

Shaykh Jabir al-Mubarak said: In the bitter phase we are undergoing, Kuwaiti information shoulders the burden of clarifying the picture with the honesty to which this information has become accustomed. It is dedicated to serving our just cause side-by-side with the honorable and unbiased Arab information which relies on facts which expose the lies of Iraq's aggressive regime and which fly the banner of the Kuwaiti people's struggle for liberation from the occupying invaders. Even though our Kuwaiti information [network] is currently going through a difficult phase manifested by the distance from its homeland and the tightness of available resources, we still exert ceaseless efforts to enable this information to rise to the level that we aspire to during the most delicate phase that Kuwait has gone through in its history. We have published so far three Kuwaiti dailies, and there are plans to publish a fourth daily shortly within the framework of a plan to expand the sphere of the Kuwaiti information [network] and to strengthen this information.

New Powers

Responding to a question on the importance of the presence of a central apparatus to supervise a unified information plan, Shaykh Jabir Mubarak al-Hamad al-Sabah said: This role actually will be entrusted to a single central agency, namely the Kuwaiti Information Center in Cairo, now that we have noticed the presence of numerous Kuwaiti information circles. This will be done out of eagerness not to scatter the efforts and to control the information process in a better manner. The information center will have general supervision over the various centers of Kuwaiti information so that these circles may emanate from it and may perform their role in accordance with a plan that is currently under consideration.

The minister said that he holds constant meetings with Kuwaiti Information Center officials to boost the center so that it may rise to the level of our aspirations in this phase. The center will be in charge of current information-related and cultural tasks.

The minister lauded the efforts of the center's workers and praised SAWT AL-KUWAIT which the center publishes, saying: Modest as it is, the paper contains good and well-studied articles. I hope that it will take a better

form when the structural plan and strategy of the center is reexamined and when the center is supplied with the elements needed to enhance it so that it can deliver its message.

Meeting With Minister al-Sharif

In response to a question on his meeting with Safwat al-Sharif, Egypt's minister of information, and Tariq al-Mu'ayyad, Bahrain's minister of information, Shaykh Jabir al-Mubarak said: further coordination and the means to overcome any difficulty encountered by the Kuwaiti Information Center were discussed at the meeting. I have received a complete response and a whole-hearted welcome from the brother Egyptian minister vis-a-vis any problems or difficulties that need to be surmounted. He expressed his readiness to cooperate with us, underlining Egypt's principled position which emanates from its genuine character and from its noble Arab stances.

New Kuwaiti Paper

Asked about the rumored plan to publish another Kuwaiti paper in Cairo, the minister of information said: "Serious consideration is being given to this idea, and I will make a decision on this plan during my presence in Cairo." At the same time, Shaykh Jabir al-Mubarak announced that he continuously assesses the three Kuwaiti papers currently published to deal with any flaw and any paper that has not accomplished its objective or has not proven its presence in the desired manner.

Consolidation of Monetary Institutions Planned

91AE0047B London AL-SHARQ AL-AWSAT in Arabic
21 Oct 90 p 10

[Article by Salah Sanadi: "Governor of Central Bank of Kuwait Maps Features of Coming Phase: Merging Banks and Financial Institutions Is First Step After Liberation; Iraq Has Used Some Kuwaiti Citizens to Dispose of Stolen Dinars; We Refuse to Deal in Future With Foreign Banks and Financial Firms That Have Refused to Deal With Us at Time of Crisis; Restructuring All Financial Institutions; Kuwait's Banking Apparatus Will Be Linked More Strongly to Outside World"]

[Text] London—Shaykh Salim 'Abd-al-'Aziz al-Sabah, governor of the Central Bank of Kuwait, has said that it is difficult to assess the volume of the losses and financial thefts resulting from Iraq's invasion of Kuwait. He added that upon the liberation of Kuwait, it would be beneficial to merge Kuwaiti banks and financial institutions to create strong institutions capable of competing, because the position of these banks was shaky prior to the invasion. Consequently, the Iraqi invasion has accelerated the merger concept.

At a press conference he held in London two days ago, the governor said that all financial institutions will be

restructured and that Kuwait's banking apparatus will be tied to the outside world more strongly than it is at present.

Shaykh Salim [used] Iraq's use of some Kuwaiti citizens to dispose of the dinars Iraq seized from the vault of the Central Bank of Kuwait and from other banks and financial institutions to justify the suspension of the exchange of the Kuwaiti dinar in London.

He added that in accordance with an amir's decree, the Central Bank of Kuwait has been able to block [the disposal of] 85 percent of the money stolen from the Central Bank by determining the serial numbers of the dinar bills and halting their exchange in London or in any part of the world.

The governor estimated the volume of money stolen from the Central Bank of Kuwait at 365 million dinars, 85 percent of which the bank has been able to block after determining the serial numbers of the bills. This is in addition to [the theft of] gold ingots valued at more than \$800 million.

As for the volume of the losses of the commercial banks, there is not much there. All that has been stolen is estimated at nearly 4-5 million dinars because these banks ordinarily deposit their assets at the Central Bank vault every evening. As for the safety deposit boxes in these banks, nobody knows exactly the volume of the assets in these boxes. Consequently, it is difficult to assess the size of the theft there.

As for investment firms, they do not maintain large sums. But the losses of money-changing firms and institutions are estimated at \$40 million to \$50 million in foreign exchange.

As to how the foreign banks and financial firms that have not cooperated with the Kuwaiti Government in the desired manner will be treated in the future, Shaykh Salim said: From a personal viewpoint, when normalcy is restored, it behooves us not to deal with those who have not dealt with us at the time of the crisis.

Answering a question by AL-SHARQ AL-AWSAT on the current role of the Central Bank of Kuwait, Shaykh Salim said that the Central Bank's role has been defined by preserving banking and financial institutions, following up on the invalidation of stolen Kuwaiti dinar bills, and trying to determine the serial numbers of the stolen gold ingots.

As to the method employed to open the Central Bank vault, he said: Regrettably, some non-Kuwaitis employed at the bank gave Iraq the keys and the secret code numbers, keeping in mind that the vault is designed in such a way that it cannot be opened without these keys and numbers, unless it is blown up with special types of explosives.

Regarding the deposits of individuals and private firms, he said that these deposits are book deposits only. Upon liberation, all the owners of such deposits will be compensated.

Regarding Kuwait's economic conditions after liberation, Shaykh Salim said: After repatriation, it is very possible that large sums of money will depart the country as a consequence of what has happened. This is not in Kuwait's interest, and I hope that this money will stay until we are able to restore confidence to the Kuwaiti financial market. At the same time, the economic conditions will be kept as they are. Our markets will be open, and no restrictions will be imposed on the free movement of money.

Shaykh Salim said that upon repatriation, all financial institutions will be restructured and Kuwait's banking apparatus will be tied more strongly to the outside world than it is now. Some Kuwaiti banks and other financial institutions have begun to prepare in Europe for the expected changes so as to improve their financial positions. They have opened branches and branch offices abroad and set up subsidiaries or joint companies abroad. This represents a reaction to anticipation of the unified European market after 1992 and the ramifications of this market to the non-European banking and financial institutions.

He added that Kuwaiti banks and financial institutions had made obvious strides in overcoming the consequences of the difficult debt crisis.

New Weekly Newspaper Published in London

91AE0047C London *AL-QABAS AL-DUWALI*
in Arabic 22 Oct 90 p 7

[Article: "AL-MURABITUN Magazine Edition"]

[Text] A new independent magazine has been published in London under the name of AL-MURABITUN. Temporarily, the magazine is being published weekly by the International Organization for Solidarity with Kuwait.

AL-MURABITUN was founded inside Kuwait immediately after Iraq's tyrannical invasion. It issued its first six editions in Kuwait. But because of special technical circumstances, the seventh edition was issued in London yesterday.

Dr. Nasir al-Jasim is AL-MURABITUN's chief editor.

It is well known that the International Organization for Solidarity with Kuwait is an Islamic organization that was founded by a number of people from Kuwait and the Gulf states and by supporters of Kuwait's cause. The organization's headquarters is Kuwait but a temporary headquarters has been chosen for it in Washington so that it can accomplish its objectives.

The leading editorial of the new edition of AL-MURABITUN says:

AL-MURABITUN is issued at a time when our Islamic Arab world is weakened by wounds and afflicted with catastrophe. Added to the list of the Arab world's problems is Iraq's invasion of Kuwait and its subsequent consequences, which the world's peoples, organizations, and governments have unanimously denounced as incompatible with the principles of justice, human rights charters, and traditions of Arab neighborliness, as well as the principles of Islam.

But the impact of this catastrophe on the Arab and Islamic region has varied in dimension, and this has increased its numerous consequences.

Starting with this principle, AL-MURABITUN tries, difficult as it may be, to be the objective and balanced voice for dealing with all the issues facing the Arab and Islamic nation, especially the issues of the hour the most prominent of which is the Iraqi army's invasion of a peaceable country and a Muslim people in Kuwait.

AL-MURABITUN is the voice of support for those Kuwaitis and non-Kuwaitis who are inside Kuwait and who are suffering under the occupation. It is also the voice of their supporters outside Kuwait.

AL-MURABITUN was founded inside Kuwait immediately after the Iraqi invasion. It issued its first edition under the occupation and continued to issue them through the sixth edition. But technical circumstances obstructed its publication in Kuwait, and it is now being published in London in an attempt to rally Arab and Islamic opinion so that it can stand united behind just causes everywhere, beginning with the cause of the Kuwaiti people who have been betrayed under the cloak of darkness and by the Arab Muslim hand that God made destined to receive the Iraqi regime's tyrannical orders to shed the blood of these Muslim people, violate their honor, and plunder their resources—a rare precedent in our modern history.

MOROCCO

Finance Minister Berrada Addresses Unemployment Problem

91AA0101A Rabat *L'OPINION* in French
26 Oct 90 pp 1,3

[Article by Mustafa Nassiri: "Vague Responses to a Thorny Problem"]

[Text] On Tuesday, the House of Representatives began its oral questions sessions by listening to answers from the minister of finance, Mr. Mohamed Berrada, to a number of questions, including one on unemployment and jobs for young university graduates. In light of the dimension and the gravity of this problem, one of the thorniest of all social issues, the finance minister's answers merely skimmed the surface.

Mr. Berrada stated that data had been gathered on the job market and that an emergency program had been

worked out to address the problem of unemployment among young university graduates. He added that the adoption of structural measures capable of remedying this situation in the medium- and long-term "is being contemplated."

Among the measures contemplated in response to this problem, Mr. Berrada cited the creation of a national employment agency for managerial personnel, the drafting of a legal framework that would enable the private sector to set up employment agencies, and an effort to raise the numbers of managers employed by construction and public works companies by requiring a higher managerial ratio in order for contracts to be awarded by national agencies and local authorities and for graduate internships in the private sector.

The finance minister also stated that a special status to encourage Moroccan managers to work abroad would be created within the framework of Morocco's cooperation programs with foreign countries. In addition, the retirement system will be revised in order to enable certain categories of civil servants to opt for early retirement.

The finance minister's responses to the legislators' question regarding unemployment immediately appear insufficient and limited in comparison with the magnitude of the unemployment problem in general and the problem of young graduates in particular, and the many negative factors that combine to form a stumblingblock to development and the promotion of employment, dangerously straining all essential elements of social policy.

In their vagueness, the government's answers reflect a certain neglect on the government's part to shed more light on one of the most difficult issues, one that concerns the entire nation and the future of the present generation and those to follow. In addition to a lack of openness with regard to employment policy and action to be taken in order to create and promote employment, the responses reflect the government's inability thus far to solve the problem by working out the basic elements likely to constitute an adequate and pertinent response to the unemployment problem as it exists in Morocco.

In many respects, the question of unemployment is specific to each of the countries it affects and the solutions to it depend on existing economic structures and on the nature and degree of economic development.

It depends upon economic policy choices and goals.

In the case of Morocco, these choices and goals seem to have revealed their limitations, given—at the general level—the numerous problems associated with the development of sectoral activities, the drafting of budgets, the domestic market, and foreign trade. Monetary policy, investment, and savings have either failed to promote employment or at the very least, are suffering from insufficiencies or distortions that limit their ability to create jobs.

The measures announced by the ministry of finance do not go to the root of the unemployment problem. What purpose would a national employment agency for managers serve, one wonders, in a shrunken and stagnant job market. Private employment agencies would be justified only in a developed and dynamic market characterized in particular by a high level of production and a high capacity to absorb and export production. This is not the case in Morocco.

According to what the finance minister has said, the government wishes to export Moroccan managers. That is a tremendous gamble and, most of all, a flawed and negative approach that consists in finding work elsewhere—will it be able to do so—for the potential the national economy needs. A rational approach would have sought to place these managers and technicians in the Moroccan economy with a view to development. But the government has not even considered the basic condition for doing this, which consists in developing national resources and linking the promotion of Moroccan and foreign investment to the effective creation of jobs.

The unemployment problem cannot be solved without a policy and action both upstream and downstream that consists of developing profitable, employment-creating projects, an effective investment policy, and savings.

The task, first of all, is to evaluate the potential in all sectors of economic activity and to institute a true policy to develop and mobilize the wealth and potential of these sectors.

All sectors and organizations must be involved in the implementation of such a policy. This requires a great deal of thought and concerted action as a precondition. In Parliament, the finance minister in essence evaded a thorny question, whereas everyone would have gained in seeing it addressed, at least with a preliminary attempt to approach the root of the problem.

Editorial Exhorts Government To Address Unemployment

91AA0107A Casablanca RISALAT AL-UMMAH
in Arabic 30 Oct 90 p 1

[Editorial: "Youth Unemployment: Deeds After Ideas"]

[Text] We would not be adding anything new when we say that Morocco is a young country and a country for the young inasmuch as its basic wealth is manifested, not in the tons of phosphate extracted from the depths of the earth or the huge quantities of citrus fruits and other crops picked from the top of the earth, but rather in the arms that do the actual extraction and picking, that huge army of young people who make up two-thirds of Morocco's population.

Suffice it to say that estimates put out in 1988 by the government itself clearly show that the number of children under the age of five was 3,755,000, which means that in 1990 we have definitely passed the 4 million mark in this age group.

Also suffice it to mention that the number of children between the ages of five and nine is 3 million and that Moroccans under the age of 10 definitely number close to 10 million.

If we add to this the huge army of 2,915,000 children between the ages of 10 and 14, 2,500,000 between the ages of 15 and 19, 2,263,000 in the 20 to 24 age group, and another 2 million in the 25 to 29 age group, we would find, based on the official numbers, that two-thirds of the Moroccan population are under the age of 30 and that this percentage will rise in the coming years and decades, notwithstanding all the achievements in the fields of family planning, health care, and other endeavors.

These numbers, as huge and as telling as they may be, represent at once an important gain that allows the country to employ the energies of its citizens in building the country and in achieving the desired progress and growth. These numbers are a burden that has been growing heavier and more damaging to the nation's makeup and infra-and superstructures.

Hence, those ideas and directives his majesty announced in the course of his recent review of our young people's problems must be turned into deeds.

The government must give concrete form to the royal ideas and must, at the earliest possible date, adopt measures liable to help it surmount this chronic crisis which, according to official government figures published two years ago, concern 26 percent of citizens between the ages of 15 and 24 and 18.5 percent between 25 and 34. This is not to mention the thousands of children devastated by an inequitable educational system that still needs to be rationalized in order to turn it from a stumbling block facing the national economy and an unemployment machine into a means for shaping intellectual and professional lives!

At a time when the features of an economic awakening embodied in a number of new establishments recently formed by a free and bold initiative, are being underscored day after day, and at a time when other optimistic indicators point to the fact that the Moroccan people, by virtue of their balanced wealth (farming, maritime, minerals), their multi-cultural, geographic, and historic identities, and their policy that is open to Europe, the Arabs, Africa, Muslims, and the Middle East are indeed capable of converting that heavy burden, known as democratic distinction, into a strategic force based primarily on the utilization of young energies, those thrown by disgraceful social circumstances and an uneven educational system into the dungeons of unemployment and idleness.

We also would like to see the government and its employment agency work hard to turn these royal ideas into a concrete reality so that Morocco's human energies will not waste away under the impact of unemployment, and the fait accompli.

SAUDI ARABIA

Opinion Poll on War, Conscription, Regional Alliance

91AE0199A Jeddah ARAB NEWS in English
1 Dec 90 p 2

[Article by Khalid Nazir, ARAB NEWS Staff; (Compiled by Sa'id Haydar in Dammam and Jawad Hasan in Riyadh): "War Is Coming, Draft Is Needed, Say Majority of Gulf Citizens"]

[Text] Most Saudis who answered questions in an ARAB NEWS survey believe war in the Gulf is imminent and almost half of them favor introducing conscription in the country.

In the survey, conducted in Jeddah, Riyadh and the Eastern Province, 57 percent of Saudis said they believed that war was imminent while 43 percent were in favor of conscription for men.

The survey also showed that most Saudis who were interviewed were opposed to a strike against the Iraqis if they withdrew from Kuwait although there was clearly a split on the issue—55 percent against and 43 percent in favor.

Asked about the chances of a Saudi-Egyptian-Syrian regional alliance, 59 percent expected one to be established while 37 percent thought it unlikely.

The Issue	Yes	No	Cond/Uncond
The imminence of war	57%	33%	10%
Male conscription	43%	—	—
Striking against Iraq after withdrawal	43%	55%	2%
A Saudi-Egyptian-Syrian alliance	59%	37%	4%

Ten percent were undecided on the war issue, two percent were undecided on the issue of a strike against Iraq after a withdrawal and four percent were undecided on the issue of regional alliance.

Both males and females were interviewed on phone, in person or by fax. The interviewees, drawn from a cross section of society, consisted of 69 percent men and 31 percent women. Ages varied between 16 and 60 years of age. Some declined to answer even though names were not included in the survey.

Those who felt war was imminent gave a variety of reasons. Some people said the crisis had lasted a long time; others said there is strong pressure from the U.S. public to bring their boys back, 61 percent felt that Saddam was out of touch with reality. Other reasons were: To get Saddam out of Kuwait and to get rid of him, the UN sanctions are not effective enough to secure an Iraqi withdrawal; the huge presence of international troops; as long as Iraqi troops occupy Kuwait, war will always be imminent.

Those who disagreed gave the following reasons: Arabs have a sense of unity and want a peaceful settlement; the danger that war may cause to U.S. interests; the embargo is having an effect; the price for both sides will be too high; the chance for peace is still there, since there is only a psychological war going on; there is an understanding between the U.S. and the Soviet Union—not to start a war.

As for military conscription, a period of 6 months to two years was suggested. Some suggested 18 years and over for the service. After service, a 40-day per year training should be mandatory until the age of 50.

On the issue of a strike against Iraq after withdrawal, 10 percent of those who said "no", said the pretext is gone. Other answers included: because you can continue the blockade instead; Saddam will be overthrown from inside; he will strike back in various ways; innocent Iraqis should not have to suffer; any strike will deepen Arab wounds; the Americans will not be able to get away with it; there will be a power vacuum which Iran will conveniently fill.

Of those who favored a strike, 20 percent said Iraq's might should be destroyed so that it is no longer a threat. Two percent wanted to make an example of Iraq and another two percent said Iraq should be punished for what it did in Kuwait. Another answer was that since

Saddam may repeat his aggression, there was no other way to ensure regional security.

Two percent of the conditional answers said it depends when the Iraqis withdraw and where they would withdraw to. Others said they did not expect the Americans to respond so swiftly, so they could not predict what the Americans would do now.

Of those who expected a Saudi-Egyptian-Syrian regional power, 30 percent felt it would be established when the crisis was over while 12 percent felt it has already become a reality. Others said the alliance would be formed within six months, a year, 3-5 years, after Iraq was defeated and it would depend on the outcome of the war.

Of those who said no, 10 percent thought an element of distrust among Arabs had arisen as a result of the Iraqi invasion. Others said Syria had radically different views on the politics of the region and a different military system, each country involved had its own security problems, according to the Arab League Charter there is a defense clause, and Arabs seldom unite. The last question in the survey asked what the GCC [Gulf Cooperation Council] countries could do to improve their military power. Forty-three percent said conscription, as revealed earlier and 12 percent asked for the disbanding of the GCC.

Other suggestions were: A cohesive military force, a GCC joint military training center; frequent military exercises with foreign forces; hiring a military force like the UN until a sufficient one is created; recruiting some retired military personnel as advisers; reviewing its defense structure; holding the GCC regular summit on time; opening the door for more military recruits; producing military hardware locally; expanding the volunteer work for both sexes; introducing mandatory military topics in schools twice a week; starting at grade seven, and a month's training for youngsters during the summer.

BANGLADESH

Commentary Views Riots, Expresses Little Surprise*91AS0232A Dhaka SANGBAD in Bengali 6 Nov 90 p 4*

[Article by Matiur Rahaman: "Curfew in Dhaka, INQUILAB's Unfortunate Declaration and Slogans of 'Hindus and Muslims Are Brothers'"]

[Text] For the last couple of days in Dhaka, we have been living under curfew. It may appear to be meaningless to the people living in the new section of Dhaka, but for those living in old Dhaka it became absolutely necessary on Wednesday afternoon. On that afternoon, attacks, lootings, and arson against the Hindu temples, prayer houses, and Hindu owned shops and businesses began in places like Nababpur, Thataribazar, Islampur, Patuatuli, and Sadarghat—situated in old Dhaka. For a few hours, the miscreants carried on their violent activities without any resistance. With my own eyes, I witnessed how the well-known Jaikali temple was attacked. More than a hundred young miscreants armed with wooden sticks and other weapons carried out the attacks, while the police force, responsible for keeping law and order, took absolutely no action and no attempt was made to resist the attackers. Almost at the same time, Matilal Mistanna Bhandar, the sweet shop of Nababpur, was completely looted and set on fire. Now, a handwritten poster, which reads "Nababpur youth Union Club," is hanging on the wall of the destroyed shop. Strangely, the distance between the Bangsal Police Station and this famous sweet shop is less than 50 yards. During the same time, the famous Gouria Math at Narinda crossing was set on fire. When all this was happening, with broken hearts, greatly ashamed of our utter failure, we stood speechless in front of some of the notable Hindu families who had lived for a long time in our Wari locality, and who suddenly faced an uncertain situation. What will happen to them, what will they do? When all these questions were running through our minds, a curfew was imposed for an indefinite period of time. Everyone became relieved and they thought that the government was going to take strong actions to bring the situation under control. But Alas! The curfew was imposed just by name. Everything remained normal. The roads were full of people and vehicles. Many people moved around the roads until late night, without having any problems. During this period, the attackers and looters were also fairly active. The notable members of the Hindu community informed us that in spite of all their anxious appeals to the police and higher authorities, they did not receive any response. They were anxious that in the absence of the protection of law and order, the attackers could take full advantage of the curfew and could make further attacks against them. Many of them passed that night sleeplessly in fear.

The situation remained the same everywhere in old Dhaka until Thursday noon. Though a curfew had been imposed there, we only found some policemen posted in

front of the Hindu temples and prayer houses, while the Hindu localities were absent of any police activity. In various localities, tension was instigated and violent processions were organized. Similar incidents like those during the previous day were repeated. It is being alleged that, in spite of the curfew, the administration did not try hard to bring the whole situation under control. A curfew was imposed on the whole city of Dhaka at 1400 hours. It can be said that from that time the residents of old Dhaka felt the effects of the curfew in a real sense. On Friday, we found that the curfew regulations were more rigidly imposed. If strong steps had been taken at the very beginning, the situation in Dhaka could have been brought under control more easily.

From Wednesday noon to Thursday, arson and attacks against Hindu business establishments and Hindu temples and prayer houses were not surprising incidents. Apprehension regarding such activities had been present for a few days. Because, for some time the fundamentalist Hindu political section's aggressive activities in India were centering on the issue of Babri Mosque in Ayodhya. In spite of the Indian government's strong actions to suppress those activities and to keep communal harmony, the news had gotten wide publicity through some of our news media. The special self-interested section here was waiting for such an opportunity. In this respect, we can refer to the instigation made by the news and the comments published in DAINIK INQUILAB on Wednesday. On that day, INQUILAB's headline read, "Fundamentalist Hindus destroyed the Babri Mosque," which was a totally false report. In the special editorial, which appeared on the first page, they wrote such lines as "Babri Mosque was destroyed into pieces"; "The Mosque was broken to dust," etc., and then commented, "The fundamentalist Hindus not only broke the mosque, but they also broke the heart of the Muslims of the world." On the same day, Maulana Mannan, the owner of INQUILAB and the president of Bangladesh Zamiatul Moderachhin, and some others made a statement in which they called for "Touhidi Muslims to get ready for Jihad (Holy war)," and used such lines as "attack in the room of God," which is "an unpardonable act," etc. Due to this baseless news item in INQUILAB, tensions increased in Dhaka. We also know that, on the night before that, Hindu temples and Hindu localities in Chittagong suffered extensive attacks and arson. There curfew was imposed from that night. Thus, it can be said that the atmosphere for a communal riot in Dhaka and throughout the country was carefully planned. The next day, INQUILAB, by offering regret for its baseless news and comments, evaded responsibility, although the government made the decision to suspend its publication for 15 days. After one day, on Friday, INQUILAB's headline read, "Hindus and Muslims are brothers; We want to live together." What a shameless example of hypocrisy!

As we have seen and gathered information from different witnesses about the incidents that occurred on Wednesday and Thursday in the different areas of

Dhaka, we are firm in our belief that the whole thing was preplanned. On Wednesday afternoon, the Hindu localities of Dhaka were attacked precisely at the same time. The shops were looted; the temples and prayer houses were attacked, broken, and set on fire. Everywhere, the role of the police was indifferent. They did not try to resist these attacks. In other words, it may be said that they were not entrusted to take any stern action from higher authority. This truth came out in the conversation and the actions of the police force present during the situation. The police force did not even try to protect the Dhakeswari temple, the main place of worship for the Hindus of Dhaka. This was clear from Vice President Maodud Ahmed's interview with BBC, which was broadcast on Friday night. But we know that the Dhakeswari temple was never attacked even during the days of the violent riots of 1964 or during the freedom-fighting period. One of the main features of the recent incidents is that almost all the Hindu temples and prayer houses of Dhaka were attacked and damaged. Hindu-owned shops were looted. But unlike in the past, no incident of killing took place. No incident of physical attack on the Hindu community was reported. During this period, some Muslim-owned shops in different sections of the city were also attacked and looted. For that reason, handwritten posters are hanging on the walls of some shops in Nababpur stating that the owners of the shops are Muslims and their names are also written. Some shops even hung posters of the Holy Kaba Sharif.

Now, the question logically comes, Who directed these attacks from behind the scene and who is responsible for the incidents that took place at the same time on Wednesday and Thursday? This time, unlike in the past, the fundamentalist political groups were not very active in all the places, at least in public they condemned the actions. The information gathered from different sources in old Dhaka indicates that all the incidents happened with the direct support and inspiration of a section of workers and supporters of the Ward Commissioners of Dhaka Municipality. It is now a matter of open discussion in old Dhaka that the people who were behind all this then took the role of peacemakers. Everything happened according to a plan chalked out by cold calculations.

If we make a close observation of the incidents of Wednesday and Thursday, we can assume that the government did not take necessary preventive measures beforehand. Because, after the Babri Mosque incident and especially after the communal riot incident at Chittagong on Tuesday night, it was not impossible to control the incidents in Dhaka. Moreover, the government failed to take any strong action immediately after the miscreants started their attacks in Dhaka. On the other hand, the miscreants failed to do anything at Narayanganj, due to the strong action taken by the administration there since Tuesday night. It has been noticed that in some districts no major unfortunate incidents took place, due to the strong and timely handling of the situation by the local administrations. We are still hearing about the

incidents of looting Hindu properties and arson to Hindu temples from different parts of the country. In many of these incidents, we hear about the direct role taken by the rowdy gangs, which are personally protected by some influential political leaders.

In this context, we should take into consideration the role of the opposition parties, which are now involved in a serious political movement. The Babri Mosque incident in Ayodhya might result in communal tension in Bangladesh. Such an anticipation was thoroughly discussed within the democratic circle here for some time. However, it became clear that they were totally unprepared for such a situation. They failed to make the necessary preparations, even after the riot and curfew in Chittagong on Tuesday night. Moreover, they took 36 hours to take any real action besides making some statements. In the meantime, all of the incidents had already taken place. The number of meetings and assemblies of political parties and alliances or the students' union were very few. Even their activities were limited mainly within the area between the Press Club and Bangabandhu Avenue. All of these, therefore, appeared to be a part of their routine work and publicity, which had no connection with the disturbed places. Some praiseworthy works were done locally by the volunteers of old Dhaka. But the progressive democratic forces of this country have a long history of struggle against the forces of communalism. During this period, some people remembered their part in the days of the violent 1964 riot. But this time, such consciousness and active efforts for reconciliation were missing. The minority section is deeply hurt by watching them in such a weak and unorganized position.

The movement for democracy, which is now in full swing under the leadership of the opposition parties, will suffer maximum damage from these communalism incidents. Now, the old question comes again; Whether or not the movement for democracy can succeed without struggling against the forces of communalism. For this, it is absolutely necessary to educate the people in the ideals of real democracy, which must rest above any kind of communal feeling. Unfortunately, this portion of our struggle is badly neglected. In our country and in our society, the minorities are always living in a state of distrust and uncertainty. These feelings have been deepened under this government when, by the Eighth Amendment, Islam was made the state religion. The country has been slowly moving to this direction from the time of President Ziaur Rahman, when the principle of secularism was dropped from the list of the basic ideals of the state. Through these actions, the activities of the communal forces started to grow fast within the country.

Now, it is observed that they have a strong base within the structure of the government. In case of necessity, these forces are used and again interestingly at times they appear as the protector. Serious thought should be given to how the ideal of secularism, which was achieved through years of struggle, could be again planted in the minds of the people of all classes. This is the primary

responsibility of the nationalist democratic forces. The struggle for democratic awareness and values and the struggle for the ideal of secularism are not two different things. One cannot be achieved without the other. We can take this as the main lesson from the incidents of Dhaka and Chittagong. Are we going to be more conscious of this in the future?

INDIA

Press Bias Against Chandra Shekhar Assailed

91AS0368A Bombay *THE ILLUSTRATED WEEKLY OF INDIA* in English 21 Dec 90 p 40

[Article by Prithvi Nandy: "Chandra Shekhar and the Press"]

[Text] The press anointed Rajiv Gandhi.

Even though he came to power as thousands of Sikhs were brutally murdered on the streets of Delhi, the press hailed him as the messiah of a new political order. The coochie-cooing continued for many months and an embarrassed Rajiv found the press going disgustingly mushy every time he made a silly mistake. It was seen as a sign of his political innocence, his charming naivete. Till suddenly things started going wrong and before you could say Hans Eklom backwards Bofors blew up in his face, corruption became a catchword, and V.P. Singh emerged as the new darling of the press.

Every epithet hung on Rajiv—clean, reluctant, unspoiled by power—attached itself to V.P. Singh, as editors and columnists fell over each other to sing hosannahs to the new leader while a glum faced Rajiv, still unsure about why he was losing out, sat huddled with his gremlins, praying for a miracle. The crowds outside 7 Race Course Road were thinning faster than his hairline as news of his defeat in the Gangetic heartland started burning the wires. Even before the voting was over, the first family had virtually packed its bags, ready to move out of the prime minister's house.

The message was clear: the press had chosen a new prime minister. It was goodbye Rajiv, hello V.P. Singh.

No one, at that time, looked at the arithmetics of the mandate. For elections are no longer won on numbers. They are won on waves. Singh's victory—predicted by the press—was seen as a moral upsurge. Moral because the press claimed it to be so. And poor Rajiv Gandhi, whose party won the single largest number of seats in the elections, was seen as ignominiously defeated. The sarkari journalists, kept on a short leash by the Congress regime, were somewhat flummoxed by the popular perception but could do little to change it, given the general hoopla over Singh's victory and, of course, Rajiv's own admission of defeat as it were.

No one noticed that the new Mr Clean was already compromising with the very forces he claimed to be fighting. Ramakrishna Hegde, whose endless scandals

were tumbling out of the cupboard, had emerged as a close political ally of the Raja. So had Sanjay Singh, of the Syed Modi murder case fame. Arun Nehru was playing a charming Chanakya to V.P. Singh and Rajiv's other great contribution to Indian politics, Arun Singh, who had ditched him at the first snort of trouble, was making shameless overtures to the new regime—in the hope of rehabilitation. The Raja—who never quite got used to the fact that he was the prime minister, not Rajiv—quietly picked up all his predecessor's rejects and put them in his show window. They became his status symbols. Everytime he looked at them, he felt reassured that he was in Rajiv's chair. Worse, having picked up Rajiv's ruffraff, he started attracting from the Opposition as well.

It was not that Singh did not know what he was doing. Like Rajiv before him, he knew exactly what compromises he was making. He chose this route because he knew no other. The Congress machinery was not available to him. He was persuaded to believe—by those around him—that such compromises are inevitable in politics, and survival has its own morality.

V.P. Singh learnt quickly. The very people he once loathed were now in his inner coterie. The issues he held dearest to his heart were the first to be sacrificed on the altar of political convenience.

But the press chose to ignore all this till Mandal came along, and the self immolations began. While young boys and girls were torching themselves on the streets of New Delhi, the prime minister's aides were telling him that it was all false propaganda. That Congress goons were catching unsuspecting youngsters, pouring petrol on them and setting them afire. They convinced him that if he kept quiet the hysteria would die out and the arithmetics of Mandal work to his political advantage. You will win a huge constituency of your own, they assured him, while the Paswans and Sharad Yadavs became his new confidantes. To shore up their arguments, they went about planting false stories in the media and used the intelligence agencies to disinform the prime minister, who even went to the extent of telling a startled interviewer that he had heard from police sources that Rajeev Goswami did not set himself on fire, someone had poured petrol on him and lit a match.

As the victims of the Raja's careless—and misinformed—politics lay dying in hospitals all over the heartland, and their anguished friends and relatives tried to draw his attention to what was happening all around him, V.P. Singh blissfully went around talking about bringing in a new and just social order.

It was this that finally angered the nation.

Photographs and videotapes recorded the frightening stories of those who were dying such a painful death while the prime minister went around mouthing platitudes about how his political rivals were trying to embarrass him, how he could not be stopped by such blackmail tactics from bringing succour to the poor and

underprivileged. Even those who were, otherwise, rooting for the Raja were astonished by his callousness, his lack of moral stability. The well meaning, slightly confused but sternly honest image underwent a sudden metamorphosis at the fag end of his prime ministership, as V.P. Singh desperately clung on to office, growing horns and a forked tail.

Then there was Ayodhya, of course. Everyone queued up to give him—and Mulayam Singh Yadav—a clean chit, till Arun Shourie blew the whistle. Shourie, who was a V.P. Singh fan for many months, turned hostile in the wake of Mandal. But Ayodhya truly outraged him because he felt the Raja was double dealing everyone, including his political allies, just to hang on to office.

Shourie's fury came at a time when V.P. Singh's image was not exactly shining and, with the BJP [Bharatiya Janata Party] pulling out of the coalition, the government crashed. Singh tried his best to make it appear as if he was sacrificing everything for the sake of the minorities and the OBCs [official backward classes] but everyone knew that Chandra Shekhar, who was waiting in the wings for precisely an opportunity like this, had outsmarted him.

It was not just a question of one thakur replacing another: the man from Balia taking over from the Raja of Manda. It was the end of yet another dream.

That explains the cynicism of the press. After Rajiv disappointed them, V.P. Singh was the great white hope in the growing darkness of Indian politics.

Suddenly, they found he had vanished and, in his stead, stood the nowhere man, Chandra Shekhar. Right there, in the spotlight.

By calling him names now, the press is merely trying to cover up its own failure to anticipate events. They had predicted the coronation of Rajiv long before it happened. They had anticipated his defeat and anointed the Raja as his successor, long before the electorate did. But this time, barring a few who refused to buy the popular image of Chandra Shekhar as a perennial wrecker, no one thought he would quite make it.

But he did. He did it, despite the press. Not like Rajiv and V.P. Singh, because of it.

So we call him an usurper now. We call his government a bunch of deserters. We give him less than six months in office and snigger each time he says that the government is keen on trying to resolve the problems before the nation. Every disagreement within his government is blown out of all proportion. Every step—even the brave one of imposing President's rule in Assam—is attributed to pressure from the Congress.

Yet, despite the prognostications of all his critics, Chandra Shekhar has successfully fashioned a cabinet of his own—not by doling out quotas to every satrap who backed him, but in the light of his own wisdom, flawed as it may be. You may not want to buy a secondhand car

from some of his ministers—for that matter, how many of Rajiv's or V.P. Singh's men would you trust either?—but that does not mean Chandra Shekhar's lot is any worse than the governments we have had before.

Given the fact that people have virtually no expectations from this government, Chandra Shekhar may well surprise them. One, by staying on for much longer than the press expects him to. Two, by outmanoeuvring Rajiv as successfully as he did the Raja and making this government work. Work perhaps better than the earlier one did—which of course is not saying very much.

But, for that to happen, the press must first stop playing games. Let the new government stand or fall by what it does, not what we think it might do. If Suryadeo Singh or Chandra Swami—or, for that matter, Dhirubhai Ambani—actually interfere in the running of Chandra Shekhar's government, we should be the first to point it out. Till it happens, we must stop crying wolf.

Doubts Expressed Regarding Intelligence Agencies

91AS0362A New Delhi JANSATTA in Hindi 11 Dec 90
p 6

[Article by Balendu Dadhich: "Behind the Changes in the Intelligence Agencies"]

[Text] After the departure of CBI [Central Bureau of Intelligence] Director Rajendra Shekhar to Rajasthan, the Chander Shekhar government, with its social values, is looking for a new chief for its intelligence agency. After this search for a chief has been completed and he has been coronated, we will see major changes in the structure, functions, and priorities of these agencies responsible for keeping peace in the nation. These agencies will then target the people on whose command, only a few months ago, other people were targeted. This tradition has been followed for a long time, and it will continue as long as we have governments that give second-class treatment to all national responsibilities.

The amazing thing is that, before joining the government, these very leaders used to condemn the government for politically abusing Akashvani-Doordarshan (All India Radio and Television) and the intelligence agencies. As soon as they themselves get government positions, they follow the examples of their predecessors. There are always some political goals behind the selection of intelligence agency chiefs. These goals soon become the goals of these agencies. We cannot expect the CBI, the IB [Intelligence Bureau], or the RAW [Research and Analysis Wing] to fulfill their primary duties in this situation.

During Indira Gandhi's time, the Intelligence agencies were so badly abused that they have become agencies of political espionage instead of being oversight agencies. Very few people know that the CBI was created to stop corruption and the IB was established to strengthen our

internal security. These agencies have lost their neutrality, honesty, and recognition for competency, as the sphere of their duties was expanded and they were made an instrument for gaining political ambitions or removing enemies. At one time, the CBI was unanimously selected by all parties to investigate the Tulmohan Ram affair. The courts admitted that in 80 to 90 percent of the cases handled by the CBI, accusations against criminals proved to be valid. This respect and competency are gone now, and politics have been the main reason for this fall.

The RAW, under Ramnath Kav's direction, and the CBI, under Mohan Katre's direction, established milestones for falling from respect. During the bad times, the CBI and the RAW were used to arrest opposition leaders and to prepare reports for the Congress party's future elections. Similarly, during Rajiv Gandhi's time, the RAW was accused of helping Bodo extremists and the CBI was blamed of forging false documents. The extent to which the CBI was misused during Katre's twice extended directorships is evident from a complaint written to then prime minister, V.P. Singh, by some officials of the agency. After the Indian National Congress lost the elections, these officers admitted to Mr. Singh that they were used to cover up the Bofors, the Fairfax, and the HDW [Howaldtswerke Deutsche Werft] submarine deals. They had also accused the ASU [expansion unknown], a special unit of the agency, of snaring Arun Nehru and Ramkarishan Hegde. They had asked that the guilty officers be removed from their positions. We are well aware of the CBI's attitude at the time of the Saint Kitts and Sayyed Modi assassinations.

Mr. V.P. Singh was not very virtuous either. He ignored the senior status of the then CBI director and sent him to another government office, in order to appoint Rajendra Shekhar in his place. However, we have to admit that, during his government, the intelligence agencies did not earn much notoriety and were not accused of much political abuse. However, his role was not unblemished, when we look at the Saint Kitts and the Czech gun investigations and the CBI's role in uncovering the truth about the telephone tape incident. It could not succeed in indicting Sanjay Singh and Amita Modi in the Sayyed Modi murder. Rajendra Shekhar tried very hard to move the CBI toward its original purpose (checking corruption). Now, with new government interference, the CBI's investigation of the Bofors incident, the Sayyed Modi murder, and the submarine deal might be interrupted.

We can say that the Chander Shekhar government had political reasons for removing the directors of the intelligence agencies. However, if we accept politics as a good reason, then we cannot blame Indira Gandhi or Rajiv Gandhi. We cannot find anything wrong with V.P. Singh's intentions either. Political difficulties may have been as serious and complex when Sardar Vallabh Bhai Patel, Lal Bahadur Shastri, and Gulzari Lal Nanda were home ministers. They did not make the intelligence agencies weapons to attain political goals. Sardar Patel used to say that governments come and go, but a

bureaucracy is permanent, therefore, it should be competent and honest. Unfortunately, the present leaders do not have the same feelings, and the officials do not have the moral courage of former CBI Director John Lobo, who rejected the government's offer of an extended appointment. How can we expect the intelligence agencies to work neutrally and honestly in the present environment?

Government Crises of 1979, 1990 Compared

91AS0230 Madras *THE HINDU* in English
24 Oct 90 p 7

[Article by K. K. Katyal]

[Text] For the second time in the history of independent India the President, a constitutional figurehead otherwise, has been called upon to take crucial decisions. The position that he takes and the role that he plays will not only shape events in the near future but will also have long-term repercussions. It last happened in July-August 1979, when the President of the day, Mr N. Sanjiva Reddi, installed Mr Charan Singh, leader of a break-away group of the Janata Party, as a lame-duck Prime Minister, while dissolving the Lok Sabha and setting a deadline for fresh elections.

The parallel between what has happened now and the developments in 1979 is limited. In both the cases, it was the non-Congress(I) party that was afflicted by crisis, though on the last occasion it was triggered by the rift in the ruling party and now it is the result of differences between the ruling party and one of its outside allies. In both the cases, the ideological overtones were invested by differences arising from the policies of those who now constitute the BJP [Bharatiya Janata Party] and on the previous occasion were in the Janata Party as the Jana Sangh constituent.

Clash of personalities: In 1979, it was essentially a clash of personalities, involving the then Prime Minister, Mr Morarji Desai, and Mr Charan Singh, number two in the Cabinet but the "dual membership" issue provided the ideological facade. Mr Charan Singh and his associates objected to the Jana Sangh constituent retaining its links with and formal membership of the RSS [Rashtriya Swayamsewak Sangh]. Mr A. B. Vajpayee and Mr L. K. Advani, then senior ministers, saw nothing wrong with "dual membership" and following a series of unsavory developments the ruling party split.

Advani again: In the present case it is again Mr Advani, who forced the pace of developments on the Ayodhya issue—a matter of obsessive concern to the RSS and the Vishwa Hindu Parishad [VHP]—to break the triangle, sustaining the Government. In 1979, it began with a pro forma motion of no-confidence by the leader of Opposition in the Lok Sabha, Mr Y. B. Chavan of the Congress party—a routine move that attracted only scant notice initially. But so acute were the contradictions in the ruling party and the simmering discontent against the

leadership, that a flimsy action by its opponents was enough to cause the Government's collapse.

No precedent: The parallel between the two cases is weaker still when it comes to legal and constitutional issues, raised by the ruling party crisis. What happened last time needs to be narrated at some length. The Prime Minister resigned without waiting for a vote on the motion of confidence against him. This is how Mr Sanjiva Reddi narrated the events that followed in a recently-published book. "Without Fear or Favor". "A similar situation had not arisen in our Parliament earlier, and I had no precedent to go by. I bestowed a great deal of thought upon the matter before making up my mind on the next step.

"On his own admission, the Janata Party headed by Morarji Desai which had commanded an absolute majority on 11 July at the time the No Confidence Motion was introduced, had lost that position by the time Morarji Desai submitted the resignation on 15 July. Whatever the provocation, there were large-scale desertions from the party, reducing it to a minority in the House although the party may still have been the largest single party as Desai claimed.

"When many members who had hitherto been members of the Janata Party had chosen to resign from it while the House had a No Confidence Motion under debate, it was just and natural to infer that if the Motion had been put to the vote, they would all have voted against the Government and for the No Confidence Motion.

"The stage of putting the Motion formally to the vote had not been reached, thanks to the Cabinet's resignation. Had that stage been reached, the Government would have been defeated. In fact this situation had become all too clear, and it was what had impelled Morarji Desai to resign. In other words, so far as the Motion of No Confidence was concerned, the majority in the House would have supported the Leader of the Opposition, Y. B. Chavan and voted against the Government.

"In the circumstances I thought that the Leader of the Opposition, Y. B. Chavan, should be asked to try and form a Government. I, therefore invited him to do so on the evening of 18 July".

Mr Reddi had to reckon with various suggestions and factors but there was no change in his decision on Mr Charan Singh's choice. According to the President, Mr Charan Singh rather than Mr Desai enjoyed a larger following. A suggestion was made that in view of the shifting allegiances of many members, it would be desirable for the President to send a message to the Lok Sabha itself to decide which leader enjoyed the confidence of the majority of the members. He was not impressed by it. According to him "if this procedure had been adopted, it would have naturally raised the question whether the choice before Members of Parliament was to be restricted to Charan Singh and Morarji Desai or made wider in the event of a third person staking his claim.

Such a procedure had never been adopted before. I was convinced that it could lead to unforeseen complications and I was not, therefore, prepared to give it any thought."

Different situation: Mr Reddi was criticized that he did not let the Lok Sabha an opportunity or a say on the issues raised by the crisis. His critics reminded him of his public statements—in the context of political instability in the States—that in cases of doubts about a Chief Minister's majority, it is the prerogative of the Assembly to take decisions and that these could not be left to the Governor. Mr Reddi who had made this point in his address to a conference of presiding officers in 1968, in his capacity as the Lok Sabha Speaker, gave the following explanation in his book:

"This criticism ignores a clear distinction between the situation envisaged by me in my Presidential Address to the conference in 1968 and the one I had to deal with as President of India in 1979. In my Presidential Address I was dealing with a situation in which there was already a Chief Minister holding office. If there was a challenge to his continuance in office on the plea that he had lost his majority in the State Assembly and if there was a demand before the Governor that he compel the Chief Minister to resign or that he remove the Chief Minister in the event of his refusal to resign, what should the Governor do? I said that the Governor as head of the State should not take upon himself the responsibility of deciding whether the Chief Minister had in fact lost his majority.

I suggested that the Governor should leave the question to be settled on the floor of the Assembly. I am still of the same view. The problem that arose in 1979 was however different. A Ministry had resigned, and the Leader of the Opposition who had been asked to try and form a Government had after some time, reported his inability to do so. In so doing he had indicated an alternative which, whatever the language in which it was couched, meant inviting Charan Singh to form a Government.

On the other hand, there was the outgoing Prime Minister claiming the right to form a Government as leader of what he claimed still the largest single party. It was constitutionally my duty to find a Government. It was fully and squarely my responsibility to choose between the two alternatives, a responsibility which I could not pass on to any other organ envisaged by the Constitution. Any attempt by me to do so would have been an abdication of my responsibility."

Not a condition: Mr Reddi defended his plea to Mr Charan Singh to call an early session of the Lok Sabha to seek a vote of confidence. This, according to the former President, was not a condition to the invitation to form the Government. "I may say," Mr Reddi said, "that no condition could be imposed and in fact it was not meant to be a condition at all. Under the Constitution, the Council of Ministers is collectively responsible to the Lok Sabha at the Center and to the Legislative Assembly

in a State. Whatever may be the President's or Governor's assessment when he invites a person to form a Government, the Prime Minister or the Chief Minister and his colleagues can hope to retain and remain in office only if they command a majority in the Lok Sabha or the Legislative Assembly, as the case may be. When, as the result of a General Election, there emerges a party or a coalition of parties with an absolute majority and its leader assumes office as Prime Minister or Chief Minister and form a Government, the situation is clear, and there is no room for doubt about its having a majority in the House. Having regard however to the circumstances in which Charan Singh had assumed office and the quantum of support which on his own showing he then enjoyed it was necessary to know whether he would be able to command a majority in the Lok Sabha. I therefore considered it necessary and proper to advise him, even at the outset, about the desirability of convening an early session of the Lok Sabha."

Why did he not invite Mr Jagjivan Ram who was elected leader of the Janata Parliamentary Party in place of Mr Desai? His critics took him to task for not adopting this course, even when Mr Charan Singh resigned and was asked to continue till the elections. Mr Reddi dealt with this point thus: "On the analogy of the invitation extended to the Leader of the Opposition, Chavan, when Morarji Desai resigned in July, many had argued that Jagjivan Ram as Leader of the Opposition should be invited to form a Government on the resignation of the Charan Singh Ministry.

"There was one aspect I had to take into account in dealing with this argument. If Jagjivan Ram was invited to form a Government and if his Government too was found to lack a majority and was forced to resign, as might well have happened, what should be the next step? Would it again be necessary to try to form a Government with the help of whosoever was the Leader of the Opposition at the time? Clearly such a process would be unending."

Why did he allow Mr Charan Singh to continue in office till the general elections. According to Mr Reddi "Under the Constitution there has to be a Ministry to aid and advise the President in the exercise of his functions. The President cannot constitutionally function otherwise. The most obvious thing to do was to let the Ministry then in office to continue to run the country's Government. The Ministry assured me that the elections would be free, fair and peaceful, and I saw no reason to doubt the assurance."

Implications of Ayodhya for Dhaka Hindus Examined

91AS0220B Bombay NAVBHARAT TIMES in Hindi
2 Nov 90 p 6

[Text] It would have been an unusual incident if there had been no reaction in Bangladesh or Pakistan to the hoisting of the saffron flag at Babari Mosque in Ayodhya on 30 October. In India, in Meerut, Moradabad, or

Aligarh, and in Pakistan and Bangladesh, someone has been provoking demonstrations against Indians. While the controversy over Babari Mosque-Ram Janambhoomi had not turned fierce, Hindu temples in the Indus Valley were being damaged and the Hindus were being forced out of Pakistan. Likewise, in Bangladesh, a bloody struggle against "Chakmas" took place and they were being pushed to take shelter in India. Now, this was the biggest attack on Muslim vanity in India, and the Indian nation's rulers would have no moral basis to quiet down this movement had it not been rendered unsuccessful. The only consolation is that the entire Kashmir territory is occupied by the army and Pakistan has not recovered from the effects of elections.

In Chatgaon, Dacca, and many towns in Bangladesh, there have been attacks on Hindu temples, causing heavy damage to the properties of Hindus. This is supposedly the biggest attack against Hindus in Bangladesh since its formation. A logical culmination of this could result in the fleeing of Hindus from Bangladesh. Immediately following a strong reaction during the Moo A. Mobarak incident in 1963, Hindus became the target, which led them to flee from East Pakistan. During the formation of Bangladesh, the atmosphere was so tense that thousands of refugees fled to India.

Now let us compare the Bangladesh and Pakistani administration with that of India. A modern Indian feels a sense of guilt at the flag-hoisting incident, which definitely was momentary, on Babari Mosque in India. The flag hoisting could not be sustain permanently in order to fulfill their own obligations enforced by the administration. The ordinary Indian felt a big sigh of relief with this incident, which has worked as a security blanket for the Muslims and their prideful shrines. Can the leaders of Pakistan and Bangladesh claim that they will not tolerate racial riots in Bangladesh? Yet, their police force just stood and did nothing to prevent the demolishing of 11 Hindu temples.

Bihar Muslim Leader Interviewed on Mosque Issue

91AS0229A Madras THE HINDU in English
23 Oct 90 p 6

[Text] Patna, Oct 22. The Bihar Assembly Speaker, Mr Ghulam Sarwar, today said the Babri Masjid issue was political because "there is no such mosque constructed by the Mughal emperor, Babar." Has Babar built the mosque (in Ayodhya)? Is there any evidence? In fact, no mosques have been or are named after any individual, he said.

In an interview with The Hindu he said "My consistent stand on the issue has been that let the Court decide the matter and let us abide by the Court's verdict, otherwise let the issue be resolved through negotiations across the table." Mr Sarwar, who is probably the only Sunni Muslim leader of standing to describe the Babri Masjid issue as basically political and question the authenticity of the claim by Muslims that the mosque in Ayodhya had

been built by Babar—in fact, he questions the very existence of such a mosque—warned his Muslim brethren against obstructing Mr Advani's path.

Sarwar said he had administered a similar warning three days ago to Muslims at a meeting at Dhatkidih in Jamshedpur steel city. "I told my Muslim brethren that there was no Babri mosque in Ayodhya," he said. He repeated his views the following day while addressing a seminar on "national integration through sports" at the Netaji Subhas Bose stadium in Calcutta. "I totally disagreed with the views of the other speakers that the Babri Masjid-Ram Janmabhoomi controversy spelt doom for the country. I said let us cast off our political masks instead of trying to hog the limelight at a seminar which had been organized to discuss ways in which sports could forge national integration."

"I still repeat that the Babri mosque is a misnomer. It is time we faced facts squarely and refrained from resorting to coercive and intimidatory tactics purely for political gains, Mr Sarwar said.

Results of Antiterrorist Operations in Punjab

91AS0269A Bombay THE TIMES OF INDIA
in English 13 Nov 90 p 7

[Text] Amritsar, 12 November (UNI [United News of India])—The security forces have so far this year shot dead 1,063 terrorists, including 79 hard-core ones in Punjab.

As compared to this, terrorists killed 1,583 civilians and 415 security personnel during the same period. Of these, 1,704 civilians and security men were killed in the rural areas of the state.

Disclosing this here today, state director-general of police, Mr. K.P.S. Gill, claimed that in the last three months this situation had shown an "appreciable improvement" as a result of a major offensive launched by the security forces. To substantiate his claim, the police chief quoted last months figures during which, 151 terrorists, 239 civilians, and 80 policemen had been killed.

Mr. Gill said after the killing of every hard-core terrorist, the extremists had retaliated by attacking soft targets. He gave the example of the spurt in killings this month after the gunning down of the Bhinderwale Tiger Force (BTF) chief, Sukhwinder Singh Sanga in the Tarn Taran police district.

He said what was being overlooked was that a number of civilians had been killed as a result of land disputes. Extremists, he said, did have a hand in such crimes since they were being hired by the people out to settle their dispute.

The police chief claimed that, except for the Batala sub-division of Gurdaspur district, the situation in the rest of the border range had shown remarkable improvement. Praising the security personnel, who were looking

after the most volatile Tarn Taran police district, he said as a result of information flowing down from the public, the police in this district had eliminated a number of terrorists.

Mr. Gill disclosed that in order to improve mobile patrolling, emphasis was being laid on bulletproof vehicles.

Because police patrolling rural areas were time and again being ambushed, he said that an order for the purchase of 50 bulletproof tractor to be used for patrolling the link road and to flush out terrorists from high sugarcane and fodder fields had already been placed.

Regarding the increase in the attacks on security personnel, he said that specific instructions had been issued on "patrolling methods." Personnel going home on leave had also been given instructions. He, however, refused to disclose these instructions.

Referring to the flow of weapons from across the border, the police chief said the terrorists were smuggling in weapons from Jammu and Kashmir and the Ganganagar area of Rajasthan.

Scientists Develop System To Convert Natural Gas

91AS0271A Bombay THE TIMES OF INDIA
in English 30 Oct 90 p 15

[Article by N. Suresh: "Gas Conversion Breakthrough"]

[Text] New Delhi, 29 October—Indian scientists have developed a novel catalyst system to convert natural gas into diesel and kerosene, thus providing a tool to exploit the country's vast gas reserves to tide over the oil shortage.

A team of chemical scientists from the NCL [National Chemical Laboratory], Pune, which developed the catalyst, has already obtained a patent for this in the U.S. as well as in India.

"A pilot plant, based on this technology, to produce one tonne of diesel and kerosene a day from natural gas will be ready by 1992," revealed the NCL director, Dr. R.A. Mashalkar, during his visit to the capital recently.

After obtaining the necessary design data by operating the pilot plant for a year, the NCL team hopes to set up a commercial plant by the end of the decade.

India produces over 30 million cubic metres of natural gas, mainly from the oilwells off Bombay's coast. Over a third of the gas is flared up due to the lack of technology to make use of it.

Nearly 20 million cubic metres of the gas is used as feedstock or as fuel in fertilizer and power plants. By 200 AD, the natural gas production is estimated to increase to 90 million cubic metres per day.

On the other hand, the country currently imports over 25 million tonnes of crude oil which is converted into diesel, kerosene, gasoline (petrol), and other petrochemicals for the industry. Current estimates show that the country may have to import nearly 40 million tonnes of crude by 2000 AD.

Diesel and kerosene account for nearly 70 percent of the country's demand for petroleum products whereas petrol is just about six percent.

Chemical experts say the country should speed up the process of exploiting the vast natural gas reserves. Besides reducing the country's dependence on imported oil, this will help conserve the reserves, said an expert.

A slightly different technology to convert natural gas into kerosene and diesel has been developed by the Amsterdam-based oil giant, Shell International.

Shell has tested the technology on a pilot plant scale and is willing to sell the technology for \$150 million. The cost of crude imported every year to meet the country's demand for diesel and kerosene is over \$4,000 million.

In the Shell process, natural gas is first converted into synthetic gas, termed syngas in industry parlance. The syngas is then converted to heavy paraffins (polymethylene wax) through a special reaction using Shell's patented catalyst.

In the NCL process, the syngas is contacted with a series of three catalyst beds. Diesel and kerosene are separated from the syngas.

Another petrochemical giant, Mobil Oil, has also developed a process to convert natural gas into diesel and kerosene. Here, the natural gas is converted into methanol using conventional technology. From methanol, light olefins such as propylene and butenes are obtained using some catalysts. These olefins are then oligomerised to produce diesel and kerosene. This technology is also available for sale.

"Instead of waiting for nearly 10 years to commercialise the Indian Technology, we should straightaway get the know-how from abroad and simultaneously develop the NCL process," suggests the expert.

Dr. Mashalkar feels that India cannot afford the \$150 million price for the technology.

The NCL started the work on developing the technology in 1982. The application for the U.S. patent was filed last year and was cleared in August, 1990.

However, with the oil prices at \$12 or \$13 per barrel till the Gulf crisis started, the technology was not economically viable. "The industry estimated that converting natural gas into diesel and kerosene would be viable only when the oil price crosses the \$40-per-barrel mark," Dr. Mashalkar said.

This mark was expected to be achieved only in the next century but it has come too soon. Now it is viable, feel experts.

Middle Atmosphere Radar Inaugurated, Explained

91AS0270A Madras THE HINDU in English
30 Oct 90 p 3

[Text] Gadanki (AP), 29 October—The MST [Mesosphere, stratosphere, troposphere] radar, to study continuously the middle atmosphere which exists between five and 100 km above the earth, was inaugurated here today by Professor U.R. Rao, chairman of the ISRO [Indian Space Research Organisation]. Gadanki is 35 km from Tirupati.

He said, "It had become important to study the atmosphere so that we can let this planet be habitable for future generations to come." The emission of chlorofluorocarbons (CFC's), carbon dioxide, methane, nitric oxide, etc., had caused major changes in the atmosphere, leading to flooding of islands and erosion of coastal areas.

Powerful next only to a similar one at Peru, the MST radar would study the turbulence in the atmosphere, wind direction, wave motions, wind velocity, etc. It would have applications in communications, meteorology, and aviation including making the launch of rockets safe by providing wind profiles. While the troposphere existed up to 16 km above the earth, the stratosphere extended between 16 km and 50 km and the mesosphere existed between 50 km and 100 km. The normal atmospheric events such as rain, cyclones, etc., were essentially tropospheric phenomena.

Indigenous effort: Dr. A.P. Mitra, Director-General, Council of Scientific and Industrial Research, said this advanced high technology facility was totally an indigenous effort from the "grassroots" level. "Indians have conceived it, designed it, and built it." It would be a major tool of research for scientists who dealt with atmosphere.

Prof. Rao described the MST radar as a unique project because it had been jointly funded by the Departments of Space, Electronics, Environment, Science and Technology, CSIR [Council of Scientific and Industrial Research] and the Defence Research and Development Organisation. The genesis of this project lay in the Indian Middle Atmosphere Programme from 1982 to 1989, when a number of rockets and balloons were launched to study the middle atmosphere and its dynamics.

(While the rockets and balloons launched into the atmosphere can give data only for a few minutes, the atmosphere can be analysed on a continuous basis every day by the MST radar. The MST is an economic method of studying the three regions of the atmosphere, though the initial investment is high. The cost of this project is Rs. 7.5 [rupees] crores.)

The ISRO Chairman said the setting up of this MST radar had acquired urgency because of the changes occurring in the atmosphere. The depletion of the ozone layer in the atmosphere had led to incidence of skin cancer among people in Southern Australia. The emission of carbon dioxide into the atmosphere by burning coal, oil, and gas had escalated, leading to "disastrous" results. "In the last 50 years, the forest wealth has gone down by 50 percent. The tropical forests are going down at the rate of 3.8 percent every year. This is ridiculous.... Bio-diversity is going down. Bio-species are depleting at a fast rate. One has to worry about forest management. We have rain-water run off and soil erosion, making the land barren," he said.

Cosmic rays in giant flames had been encountered. There were solar phenomena such as solar flares and winds, pushing the atmosphere from the top. "When you have complex atmospheric phenomena, not caring for geographic boundaries," there should be a better climatic model. "One has to understand the atmosphere and respond to it," he said. The CFC's had made their presence felt in reducing the ozone layer and global warming. The global atmosphere will increase by four degrees kelvin in the next 30 to 40 years. "Monsoons will change. Islands will be inundated. Coastal lines will disappear. Agricultural output will go down and the planet will not be worth living on," he asserted.

The preservation of this planet and provision of sustainable development had assumed importance. This facility would help scientists from the six user agencies to understand the middle atmosphere, its structure, dynamics, movement of gravity waves, etc. It would help in understanding the atmosphere in a "holistic way," Dr. Rao said.

(The radar works by transmitting high-powered pulse signals to the atmosphere which are reflected back to the station depending on the atmospheric conditions. These signals will be picked up by the same antennae, transmitted to the receiver and the data analysed, which will be useful in long-term predictions of weather.)

While the stratospheric and tropospheric modes of the radar had been commissioned now, the mesospheric mode would be commissioned a year later. Gadanki village was chosen as the site because it was surrounded by hills on all sides and therefore the noise level was low. Latitude-wise, it was closer to the equator. Besides, it was only about 60 km from Sriharikota, launch pad of ISRO.

International facility: Dr. Mitra said even though the radar was the fruit of a national effort, it would be used as an international facility. The radar would look at the atmosphere in a real sense. Universities and research institutes were welcome to use this radar for conducting experiments.

Prof. B. V. Sreekantan, Chairman, Governing Council, SAMEER [Society for Applied Microwave Electronics Engineering Research] said SAMEER had fabricated the

radar without help from outside. Mr. P.B. Tole, Director of SAMEER, expressed his happiness over the commissioning of the radar. Mr. G. Viswanathan, project director, MST radar project, thanked the Department of Space for generously funding the project. Mr. R. Aravamudan, Director, SHAR [Sriharikota High Altitude Range (Tracking Station)], was present.

Commentary Examines Unemployment Issue

91AS0220A Bombay NAVBHARAT TIMES in Hindi
2 Nov 90 p 6

[Article by Daya Krishna]

[Text] The issue of getting rid of unemployment is gaining widespread support. In the 1989-90 Economic Review, it was declared that the goal of improving employment opportunities will be given top priority in the Eighth Plan. While lecturing on the 1990-91 budget, the finance minister, Mr. Madhu Dandvate, also mentioned that it would be the government's top priority to improve employment opportunities. In the National Development Council meeting, scheduled to take place on 11 October, this significant topic, which is as serious as the inflation issue, was taken off of the agenda.

In light of the increasing widespread students' campaign and the violent form it has taken since the prime minister announced implementation of the Mandal Commission's recommendations, the government has also declared a new plan to provide job opportunities to qualified individuals who are currently unemployed.

Actually, the unemployment problem has become serious. In the 40 years of intended planned development, unemployment has continuously been on the rise. In each plan, the goal to remove unemployment has been repeatedly emphasized like a mystical verse, yet we find increased unemployment at the end of each plan period.

At the turn of the Seventh Plan, there were about 1 million people who were unemployed. In the course of five years of this plan, an estimated increase of 4 million people who would be seeking jobs was anticipated and the goal of this plan was to improve job opportunities by an equal amount. The so-called "Jawahar Employment Plan" was supposedly the biggest thus far, according to the Bill, for which 2100 million rupees were allocated in 1989-90. However, at the end of the term of the Plan, there were still 2.7 million people in the nation who were counted among those who would benefit from the plan, but were still unemployed.

In total, at the beginning of the Eighth Plan, it is estimated that there are 4 million unemployed people, which is four times the count at the beginning of the Seventh Plan term. It is not hard to figure out why unemployment in the nation is on the rise. In the 10 years since 1977-78, the speed at which the increase in job opportunities occurred has been declining, while the trend in population has been increasing instead of decreasing. Therefore, there has been an increase in the

number of people who could not find jobs.

Increase in Employed People (Percentage)			
Area	1972-73 to 1977-78	1977-78 to 1983	1983 to 1987-88
Agriculture	2.32	1.20	0.65
Services	3.67	4.69	2.50
All Areas	2.82	2.22	1.55

Source: Planning Commission

During the five year term ending in 1977-78, the annual rate of increase in people who were employed was 2.82 percent, which was more than the rate by which the population increased. During these five years, the rate at which people found employment in the agricultural field (2.32 percent annually) was also more than the growth rate in population.

But in the next six years, from 1977-78 through 1983, the 2.82 percent increase in people who found employment has gone down to 2.22 percent, while in the agricultural field this rate of increase dropped from 2.32 percent to 1.20 percent, or in other words it was reduced to half.

And then from 1983-88, in the next four years, the rate of all the people who were employed was reduced from 2.22 percent to 1.55 percent, which was even less than the population growth rate. And in the agricultural field, of the people who found employment, this annual rate of 1.20 percent decreased to 0.65 percent, i.e., only one-third the rate of increase in population growth.

This means that during the last four years, for every three individuals who sought employment in the agricultural field, only one could be gainfully employed, while the remaining two did not find employment.

This is a frightening situation.

Because of this, there is starvation, dissatisfaction, exploitation, and chaos in the villages, and a race to flee to the cities is on.

The Mandal Commission's recommendations cannot provide any relief to even a one-hundredth portion of this very large segment who reside in the villages. We must find some means of employment for them in the villages. And, the amount of funding required to create such job opportunities for them in the villages is about one-third of what might be needed for the cities.

The FICCI [Federation of Indian Chambers of Commerce and Industry] has completed a study on the possibilities of increasing employment-related opportunities in the Eighth Plan. According to this study, with an expenditure of 39,000 million rupees in the agricultural field, an additional 2.32 million people can be gainfully employed due to newly created jobs. But by investing 13,000 million rupees in small-scale industry, only 27 thousand people may find new jobs.

Consequently, to create a new job in the agriculture-related field, it costs 17,000 rupees, while it would cost 48,000 rupees for the same in small-scale industry. In other words, in the agriculture-related field, three people could be gainfully employed for the same investment in which only a single person would gain employment in small-scale industry.

Therefore, in order to remove unemployment from the nation, we must bring up the annual rate of increase in the number of people employed in the agricultural field from 0.65 percent to three percent. And, this is also a cheaper way of ridding unemployment from the nation.

IRAN

Cooking Oil Companies Work at Half Capacity

91AS0305J London KEYHAN in Persian 6 Dec 90 p 2

[Text] To respond to the needs of the people for food-stuff and to fight the shortages due to the population growth and the decrease in production, the trade services expansion company of the Islamic Republic will purchase and import by the end of this year a total of 700,000 tons of rice from other countries. The trade sources of the Islamic Republic announced some time ago that so far about 600,000 tons of rice have been purchased from Thailand, India, Pakistan, and several other countries, more than half of which has been imported.

In a press conference, Sa'id Majidi, the general manager of the trade services expansion company, said: So far, about 80 percent of the total needed cooking oil in the country, which is 550,000 tons, has been purchased.

This same official pointed out that due to the failure to transport shortening from the entry points to the cooking oil factories, such production units are working at half capacity at the present time.

In regard to the distribution of chicken, the general manager of the trade services expansion company said: "The level of consumption of coupon chicken is 180,000 tons annually, of which 75,000 tons have been produced so far." The above official mentioned the major reasons for failure to produce sufficient chicken to be the decrease in the production of one-day chicks by the Ministry of Agriculture from 27 million to about 19 million this year.

PAKISTAN

Analysis Sees PPP in Supporting, Not Primary Role After Elections

91AS0027A Karachi JASARAT in Urdu
21 Sep 90 pp 3, 10

[Article by Abdul Karim Abid, under byline "Siyasat Namah," entitled: "After Reading the Writing on the Wall, Benazir's New Decision; The People's Party Will

Agree to Participation in a Coalition Government Under New Leadership; Pakistan Will Participate in the New World Order in the Gulf; The New Government Will Be Entrusted With New Duties."]

[Text] Benazir Bhutto's attitude appears very aggressive, and the targets of her aggressiveness are the caretaker government and, in particular, president Ghulam Ishaq Khan. She is also demanding the resignation of the president, which provoked the comment from Zahed Sarfaraz, the interior minister, that Benazir wants martial law, since the president's resignation would end the democratic form of government and the army would have to step in.

At any rate, Benazir does not want martial law, but she does want to improve her strained relations with the army, and is thus making it appear that her quarrel is not with the army but with president Ghulam Ishaq Khan; that he is also responsible for any misunderstanding between her and the army; that these misunderstandings can be removed, and that the PPP [Pakistan People's Party] is ready to assume office with the participation of the army. These points were also announced in a press conference in Lahore by Parvez Saleh, who holds the former premier's trust. Saleh said that the army was a political force with which it was necessary to establish a working relationship and that as long as this feeling of distrust existed between the army and the politicians, assemblies would continue to be dissolved. Parvez Saleh said that the army also was composed of Pakistani citizens and that good suggestions from educated elements in the army should be welcomed and that the interests of the army also should be protected. Parvez Saleh said that he and Benazir had discussed the matter of a working relationship with the army.

In addition to Parvez Saleh, other PPP leaders, as well, are talking in the same vein. It is also being suggested that, after the elections, a coalition government composed of the IJI [Islami Jumhoori Ittehad] and the PPP should be formed. In the press conference, Parvez Saleh pointed out the need for such a coalition government, in which the army as well as politicians of both parties would participate. Malik Meraj Khaled, the National Assembly speaker, went so far as to suggest that, for the next 10 years, only coalition governments should be formed, in order to end all political dissension in the country and make it possible to address singlemindedly the challenges posed by the country's economy, industry, education, and law and order. Such statements show that, after having lost power, the PPP is seeking a compromise, and the reason for this is obvious. The PPP is facing adverse conditions and is certain to lose the elections. In the 1988 elections, the PPP won 94 seats, compared to IJI's 54 seats, a difference of 40 seats. In spite of such superior numbers, the PPP proved unsuccessful in running the government and busied itself with political horse trading in order to save itself. This time, there are no deals and upsets are certain. In addition to the 54 seats it won in the past, IJI will easily gain 20 more seats in Punjab. At least five or six more seats are

expected to be won in Sindh, which should bring the total number of seats from these two areas alone to 90, whereas the PPP will have 78 instead of its former 94 seats. MQM [Muhajir Qaumi Movement], Azad Qabaeli Arkan [Free Tribal Members], JUI [Jamiat-i-Ulema-i-Islam], NAP [National Awami Part], and Jumhuri Watan Party, are next in order of importance.

Since these parties' opposition to the PPP has taken concrete shape, they will cooperate with the Ittehad. It is further hoped that the powers behind the scenes have ruled against Benazir and she will not be allowed to play a role under any condition. She has been judged incompetent, but her husband is also enmeshed in adverse conditions. Feelings of sympathy are being expressed toward Benazir in the United States, but only to the extent that she should be allowed to assume the role of the opposition. Even if this should be so, the PPP National Assembly members, especially those in the Sindh National Assembly, will not be satisfied for long with playing the role of the opposition and, one by one, they will join Jatoi's People's Party. Under such conditions, out of consideration for family interests and the PPP's political interests, it would be a good idea if Benazir retired from the political arena for the time being and, as a price for such retirement, the PPP, under someone else's leadership, is allowed to participate in the future coalition government. Peace will thus be restored on all sides. An atmosphere of peace and quiet is also necessary because of the fact that the United States will not be able to stay in the Gulf for long, and needs to leave behind an international Islamic and a multinational force, which would work under the aegis of the United Nations. It is necessary for Pakistan to participate in this new military order, for the establishment of which Saudi Arabia is buying 20 billion dollars worth of new armaments from the United States. Armis from the four corners of the world are arriving in the Gulf to protect the oil wells, and it seems that, because of the Gulf issue, a world policing force and judicial system will be created in the future, through which the United States and Russia will be able to impose and enforce their world decisions.

Pakistan also will be a part of this new international order, which will have a bearing on all issues of the subcontinent, including the Kashmir problem. The future government of Pakistan will be entrusted with important duties in domestic matters as well, such as renovation based on the privatization of the economy; the removal of small and large institutions from government control and making them independent and self sufficient; the reform of the educational system, in line with the recent recommendations contained in the IMF and World Bank survey reports; the establishment of a political system based on decentralization; ensuring the success, in the country, of the new world cultural values. In short, the new government will be entrusted with many duties and will have to carry out many measures and, to enable it to do so, like-minded liberal elements from the IJI and the PPP should be included in the

government. The only obstacle that exists in achieving this objective stems from Benazir's disgrace, because she has become a very controversial figure, and it is necessary to remove her from the midst of all these matters. In view of her impending defeat in the elections and the legal difficulties facing her family, it should be possible to persuade her to withdraw from politics. At least, that is the impression conveyed by Hippy Minwala, who is still residing in a government house in Islamabad and through whom certain negotiations are in progress. It is possible that, before or after the elections, Benazir will see the clear writing on the wall and the rites of her farewell to Pakistan will be performed with pomp and ceremony. At present, the reality of the situation is that the cards are stacked against Benazir. Her broken relations with the army show no sign of mending. The Gulf situation is more important to the United States than is Benazir. And then, what is wrong with Jatoi being in office? He is so broad minded that he did not even consider it necessary to join in the reaction against the recent statement by the American ambassador. The party has received a short shrift in Baluchistan. In the Frontier, the PPP's sword and its bows and arrows are all rusty. The party has not been ousted from Punjab, but the IJI banner flies over more than half of that province. In the interior of Sindh, the breakup of the party will come about partly during the elections and partly after the elections. Under these conditions, the desirable outcome would be for Benazir to hold on to her courage and stay in the country, to act as the opposition. But the problem is that, in difficult times, London or Paris appear as havens of refuge and, when people think along those lines, not much should be expected of them. If the lady cannot attain power, she will head for the West. As the verse says, "let the dust of life return to its place of origin."

August 6 Action - Aftermath

Left Politician Minto Interviewed

91AS0193A Lahore VIEWPOINT in English
25 Oct 90 pp 12-13

[Interview with Abid Minto by Zafaryab Ahmed: "What Did the August 6 Action Resolve?"—first paragraph is VIEWPOINT introduction; date and place not given]

[Text] Two major topics of discussion during recent days have been the compulsions which led to President Ishaq Khan's August 6 action of disbanding the assemblies and dismissing the Benazir Bhutto Government and the economic challenge to be faced by the new government in view of the U.S. freeze on economic and military aid to Pakistan and the Gulf crisis. On the political question, VIEWPOINT's Zafaryab Ahmed talked to leading lawyer and Left politician Abid Hassan Minto, and for an appraisal of the likely economic scenario to consultant Omar Noman.

[Ahmed] Purely in constitutional terms, do you think that the August 6 action of the President has resolved the crisis that we were faced with?

[Minto] How could the August 6 action resolve any crisis? The action was based on a constitutional provision which itself created the crisis. The constitutional provision was introduced by a Martial Law Government and was later ratified by a non-political assembly.

[Ahmed] If it has not resolved the issue, then why did the Establishment resort to such an action?

[Minto] They wanted to have a facade of democracy: a representative assembly which would play to their tune. I am not saying that the previous government or the assembly were not playing to their tune at all, but perhaps not satisfactorily.

[Ahmed] Do you think that there is need for the political leadership to reach a special kind of understanding with the armed forces as it is being argued by some?

[Minto] There is no need to have an understanding. It is the Establishment, including the armed forces, which need to learn now to live under democracy. One of the reasons for the August 6 action, to my mind, was that they thought the consolidation of a political government would ultimately change the nature of the arrangement which they had originally achieved. The Establishment does not want the consolidation of a political government. It wants its complete sway over the situation. Another method of resolving the situation from their point of view is that they discard the whole constitutional set-up and run the government directly by imposing martial law. While they are not choosing that, and short of that, these are various arrangements that they would like.

[Ahmed] Some people argue that the presidential system instead of the parliamentary form of government can help to resolve the crisis, and there are some who think that proportional representation is the way out.

[Minto] The crisis in our country, if you ask me, is that the Establishment has refused to accept the authority of the elected people. Whatever form of government or system of election it may be, if there is no willingness to accept the authority of the elected people, the situation will persist. The powers that be—inside and outside the country—from time to time have tried to undermine this legitimate authority. This is an issue which can't be resolved by changing the constitutional provisions here and there and then by superimposing the authority of the President or changing the electoral procedure, unless the sovereignty of the people and the authority of their representatives are accepted.

[Ahmed] They hold the political leadership itself responsible for not being able to assert its authority.

[Minto] The political leadership is responsible, but to the extent that it has not consolidated itself by organising the people. This failure is also a result of what went on in the

last 43 years. It begins with the partition of the sub-continent itself. The creation of Pakistan threw up several questions. One of these questions was the security of Pakistan against the presumed Indian threat. Then, hurdles were created in the process of constitution-making. It was interrupted time and again. This is the background in which we are talking about. The army and other institutions were made allocations which were out of proportion; apparently that was what our defence requirements demanded. The Establishment strengthened and patronised political parties of their own liking. Then, most of the time government has been run by the Establishment. They are responsible for bringing Pakistan right into this situation. Even if we accept the argument that the political parties mismanaged the affair, we must realise that was for a limited period of time. Most of the time the political leadership has not been on the scene, but mismanagement and corruption went on.

[Ahmed] What do you see as a way out of the present political situation?

[Minto] I think it depends on the political experience that the people have had and the maturity that they have acquired in the process. In this election I find the electorate is far more experienced and mature than yesteryears. I pin my hopes only in the people and expect that the saner elements will have learnt by now how the politics of Pakistan has to be run.

[Ahmed] What in your view is the significance of this election?

[Minto] It is significant in the sense that people will vote on the August 6 action of the President. In a proper election—there has never been a fair election—according to the Third World standards, I am sure people will express themselves in favour of a situation that will consolidate the democratic forces. It will be a befitting answer to the August 6 action.

[Ahmed] There are various post-election scenarios being presented. How do you look at the situation?

[Minto] It will depend on the election results. If the People's Party returns with a clear majority, I think it will be a hell of a difficult thing for the Establishment not to transfer power. If they do decide to refuse the transfer of power, they will do so only at the cost of the Constitution. They will have to impose martial law. If the People's Party or the PDA [People's Democratic Alliance] do not return with a majority, then power will be transferred to the IJI [Islamic Jamhoor Ittehad] without any reservation. Not only this: the Establishment will try its best that the IJI is able to run the government for some time. They are trying all possible means to see an IJI victory. Will the IJI be able to do so, that can't be said. We are hoping that the election results, despite the rigging, will be favourable to the PDA. But rigging on election day is one thing that will be the real test of the PDA's efficacy.

[Ahmed] There is a strong belief that the Establishment does not want a PPP [Pakistan People's Party] or PDA government. What will stop them even if the PDA returns with a big majority?

[Minto] There is nothing that can stop them except that they will have to go for martial law. But it seems that a martial law government in Pakistan at least for the moment is not acceptable to international forces. Western States have even threatened to withdraw their economic assistance if power is not transferred to a legitimately elected government.

[Ahmed] The People's Party is being held responsible for the stoppage of aid. How do you look at the present American action?

[Minto] The present American action, I think, is based on the general scenario present in the whole world. There is a wave for democracy which has forced the U.S. to take some steps in favour of democracy. They want to resolve the Afghan situation, they want a peaceful understanding between India and Pakistan. The American desire for peace between India and Pakistan emanates not because of any love for the region or the two countries, but from their own interests. They have billions worth of investment in India only. They want a secure Indian Ocean.

[Ahmed] But the parties which were known to be pro-American have taken a radical stance against the U.S. and are trying—

[Minto] I am happy that they have taken this stance which is, for the time being, anti-American. I hope they will make this stance a principle of their permanent politics—that they want to be free of foreign influence. This is not their politics. They are not genuine.

[Ahmed] No doubt there is an element of irrationality in their opposition as it was in the case of their support for the U.S. What do you think will be its overall impact on the politics of the Left?

[Minto] If the U.S. says no to atomic weapons, we are not necessarily opposing that. The U.S. has come a long way from its previous policies. Now, for whatever reason, the Americans are compelled to say that they would like to have a democratic government in Pakistan and a transfer of power as a consequence of electoral result. This is what we want. Therefore, why should we oppose it?

[Ahmed] But the argument is that the American attitude undermines the integrity and sovereignty of Pakistan.

[Minto] I think the integrity and sovereignty of Pakistan is compromised as soon as we accept the hegemony of world capitalism by asking for aid. Therefore, no such argument can be advanced. In fact, money that comes with all its strings attached undermines our integrity and sovereignty. Therefore, in one way, I am happy if they were to stop our aid, because most of this aid goes to those areas which are not useful for the people of Pakistan.

Economist Omar Noman Interviewed

91AS0193B Lahore VIEWPOINT in English
25 Oct 90 p 13

[Interview with Omar Noman by Zafaryab Ahmed:
"Economic Inheritance"; date and place not given]

[Text] [Ahmed] What kind of economic situation will the new government inherit?

[Noman] As far as the economic situation is concerned, it really does not matter who comes to power. The economic problems that they will face and a response to them is constrained by a general environment that has worsened over the last four months in every conceivable manner. If one starts off with the balance of payments situation, that has been dealt a mortal blow by events in the Gulf like the free price of oil, the loss of remittances, the creation of jobs that are necessary for those returning. Most important is the end of Gulf as a golden era of opportunity. Balance of payments and domestic income generation pose a serious challenge to Pakistan. Then there are some related problems. Pakistan has no choice but to default on its debt. We are not in a position to do it. Whenever there are debt deal negotiations, to some extent the leverage of external agency will increase. Some kind of policy adjustments appropriate for macro balances will have to be made. I am quite certain that there will be a new package needed. The IMF realises that the Pakistan Government can't meet the three year agreement. They have been flexible about changing the target. They will revise it further. What has been happening in the last three months is unprecedented. One thing for which you must give credit to the PPP [Pakistan People's Party] is that it dealt with the macro sphere fairly seriously. Inflation did come down. It was not a mean achievement. It is only because of the elections that the Care-taker government has not increased oil prices; they have simply deferred all economic problems for a few months. The new government is going to be hit a body blow the moment they come in. Their hands will be tied. They will have to take some difficult and painful decisions such as pricing. The next year will need painful macro-economic surgery.

[Ahmed] Can the magnitude of the problems be measured in any term? How will a future government be able to manage?

[Noman] I think there will, inevitably, be more serious attention needed on how to raise domestic resources. All this talk in Pakistan continuously of less reliance on foreign resources will only make sense if we are willing to take hard decisions about raising domestic resources. People only keep talking about the reduced dependence on foreign aid. They do not go through the logical extension of their argument. Then what do you do domestically? Why don't you introduce a direct tax on agriculture? Why don't you increase the direct taxation on the rich? For example, a tax on restaurants can be laid. If you take a city like Lahore which is bustling with restaurants, increase in the tax on bills can be easily

made. I think those who come to these restaurants can afford to pay. Such measures to raise resources from those who can afford to pay have to be given great attention.

[Ahmed] Do you think that the PPP Government during the 20 months of its rule in any way succeeded in gaining the confidence of the entrepreneur and the moneyed in this country?

[Noman] The PPP fell between two stools in this matter. It has certainly dispelled its image of being a radical party. In some cases quite sensibly—for example, the decision not to go in for further nationalisation. It was perfectly sensible. The record of nationalisation in the Third World is of course dismal. All that has happened is to take away the assets of private entrepreneurs and then mismanage them through the State in the most arbitrary manner and end up with a loss-making unit. The other aspect of the matter is that they did not consider further land reforms at all, and this questionable. There is a very good case for this in many areas in Pakistan, where the land holdings are absurdly large, and for the PPP to entirely abandon the idea of land reforms does not seem to me quite sensible.

[Ahmed] What kind of land reforms are you talking about?

[Noman] Well, putting ceilings on holdings. There is this argument being put forward that unless land reforms can be implemented properly, there is no point in doing them. There is the PPP dilemma that most of the rural elite in many areas are with them. In that sense they are fairly constrained. But I don't think that the argument for land reform is over in Pakistan, whereas the question for nationalisation is settled.

[Ahmed] What kind of Government do you think as an advocate of land reform is needed to take all the required measures?

[Noman] Can I make just another point in connection with the issues that you raised previously about winning confidence of the entrepreneur? The PPP laid great emphasis on privatisation, without seriously thinking through some of the adverse consequences. This was very evident in the Muslim Commercial Bank's privatisation. One of the things that inevitably happens in privatisation is job losses. The Government has to accept that there is a subsidy to be paid for over-manned public enterprises and that staff will have to be gradually cut down by those who retire and no new jobs in that particular industry can be created. If a decision for privatisation has been taken; then the government should be prepared for this brutal process. It may be efficient in the long run to have more private sector enterprises, but privatisation, particular on the employment side, as I said earlier, is quite brutal. That is why the PPP's privatisation plan ran into difficulties. The other problem that the PPP had with the private sector was general law and order. I think that the private sector was general law and order. I think that the private sector

was quite convinced that Benazir was not going to nationalise or affect them the way the last PPP Government had done. But they were not going to invest in an environment of general insecurity.

Regarding your other question, one would argue that the way Pakistani politics was going, gradually the lower middle class in the urban areas was becoming a dominant force. In the Punjab during the 20 months rule of the elected Government there was widespread disillusionment with the IJI [Islamic Jamhoori Ittehad], and the rural elite was entirely responding to its selfish interests. It was very crude at the time of the vote of non-confidence. In a rapidly urbanising country, the lowered middle taking ascendance to my mind will be natural progression in Pakistan politics. This process has been forestalled by the August 6 action, and now the PPP is once again facing persecution. A particular pattern has been subverted before reaching its logical conclusion. In the short run, I am not hopeful that any of the lessons of the last two years have been learnt. In the present state of affairs, a stable democratic government is the only answer. The strongest argument for the revival of democracy is that we should not expect amazing changes in terms of policy or behaviour. When the civilian government comes into power we should hope that in due course, in another election or so, Pakistan will produce a leadership which is more responsive to the concerns of the poor. It is the urban areas where the crunch will come.

[Ahmed] What kind of party do you think will deliver the goods?

[Noman] One possibility is that the PPP reforms itself. But that possibility seems to me to be quite remote. The PPP has gone too far down a particular road.

[Ahmed] Which party do you think is capable of handling the present situation?

[Noman] If you ask me personally I still think the PPP is less chaotic and less prone to bureaucratic rule than the IJI.

[Ahmed] Purely in terms of the economic situation, what impact did the August 6 action have?

[Noman] In terms of the lower middle class emerging and also in terms of economies, it has been a blow. The process will be resumed if elections happen on a continuous basis. If they don't the pattern of development will be very disappointing. The army will come back. The whole nature of economic development will change. It is only on the continuation of the democratic process that one can pin one's hopes for a situation where the kind of leadership will emerge that will bring an end to the domination of the feudal elite.

[Ahmed] What immediate steps will an elected government need to put back the economy on wheels?

[Noman] It will be crisis management. One can't really talk on an economic policy which will be expansive.

Certainly at least for the next two years Pakistan's economic policy will be nothing but crisis management. On that score one can't say whether the IJI will be able to do a better job for the PPP.

[Ahmed] What measure will a government be required to take?

[Noman] Now I think that the real substance of crisis management is not within the available resources, how does one push for social sector investment. We cannot allow this kind of education and health allocations to persist. It seems to me that the party that forms government after the October 24 does have sufficient resources to make a major thrust for education and health. These measures will need to be taken immediately if we are going to have any kind of redistributive policy.

Elections: Charges, Explanations

Domination of 'Establishment'

91AS0224A Lahore VIEWPOINT in English
1 Nov 90 pp 16-17

[Article by Ghayurul Islam; quotation marks as published]

[Text] The general elections have thrown up unexpected results, falling perfectly in line with the neatly drawn up staff scenario for the Establishment. The political elite which has been perpetuating itself since independence through promotions, appointments and patronage has strengthened its grip over the levers of State power which for some time seemed to be gradually slipping away from its hands during the last 20 months.

The election process was heavily loaded against the People's Party. From the very induction of Benazir Bhutto into the government, the civil-military bureaucratic machinery had gone into motion. No decision was a secret; every decision and action was misrepresented and distorted; the Prime Minister's private life was scandalized by the minions of the bureaucracy; presidential dossiers were prepared to strike a final blow; publication of scandal sheets was heavily financed; publicized; and baseless scandals were given the widest publicity.

Inspired Stories

After the dismissal of the PPP [Pakistan People's Party] Government, the floodgates of inspired and fabricated news were opened; most of the news broadcasts and newscasts were devoted to all sorts of allegations; many PPP candidates were arrested; and thousands of PPP activists were detained or otherwise harassed. Newspaper pages were flooded with totally baseless ads. A comparison of ads alone will show the wide difference in expenditure on publicity of the two alliances. During the election campaign Benazir Bhutto was made to shuttle between Lahore and Karachi to attend courts and at the same time worry about her husband, languishing in a

police lock-up. She is really a brave woman to have kept her cool and schedule under these circumstances.

During the last 43 years, there have been three interregnums when 'outsiders', in the context of the Establishment, came close to exercising power contrary to the pattern set by the Establishment. First, it was Mr Z.A. Bhutto who, despite having remained an important minister in Ayub Khan's Government for about a decade, continued throughout his six years in office as Prime Minister to be an outsider as he had no power base in the civil and military bureaucracy, the real rulers of the country. He was accepted by the electorate but not by the Establishment. Bhutto was invited to assume power at a time when the country lay prostrate, dismembered, and 90,000 Pakistani troops were held by the Indians as prisoners of war. None from the Establishment was in a position to tackle the problem. But Bhutto did it with great sagacity and kept Pakistan's honor intact. Bhutto was thus the need of the Establishment.

In order to strengthen his hold on the levers of power, he dismissed a few politically ambitious senior army officers for which he was never forgiven by the institution which felt disgraced by this civilian assertion of authority. For this act, and for the politics of populism that he had created he had to pay with his life.

The second three-year interregnum came in the wake of the MRD [Movement for the Restoration of Democracy] movement when it was found necessary to pacify Sindh and appoint a Sindhi Prime Minister as a result of the non-party election. Mr Mohammad Khan Junejo, a weak person, both personally as well as politically on account of the non-party assembly then in place, wrongly assumed that he could step out of the limits prescribed by the military dictator and could exercise the real powers of a prime minister. This proved his undoing. Despite being President of the Muslim League, the largest component of the IJI [Islamic Jamhoor Ittehad], Mr Junejo still continues to be persona non grata, and there is very little chance of his being called to assume the office of Prime Minister because the powers-that-be still nurse the grouse that he tried to bite the hand that fed him.

The third and the shortest interregnum of an outsider has been that of Ms Benazir Bhutto. The Establishment was not inclined to accept her in the first instance in an otherwise comfortable situation of a split mandate. It was under international pressure—that the largest party be called first to form the government—that the Establishment had to yield, but only with the firm intention of booting her out at the first opportunity. Hence from the first day the preparation of adverse dossiers was taken in hand. She was never allowed to function smoothly and exercise her legitimate powers as Prime Minister.

The dossiers which were prepared were later used with great dexterity to mobilize public opinion against her Government in a one-sided media trial. With hindsight,

it is easy to list the mistakes of Benazir Bhutto (indiscreet confrontation on several fronts and Zardari's unhelpful attitude towards his wife and too much exposure of himself are the two big mistakes). But it is fair to keep in mind the strength of the powerful forces that had arrayed themselves against her long before she had come to power and continued their opposition even after her assumption of power. These were the civil-military bureaucracy, the mullahs, the beneficiary industrialists and businessmen of the Establishment, the drug and arms barons and the beneficiaries of the loot of the Afghan 'jedah,' locals and Afghans.

What now seems to have been her fatal mistake was her impatience to assume power in 1988 in a situation of a split mandate and a hostile Establishment. If she had allowed the other party to try its luck it would have exposed their dissensions and internal differences on crucial policy matters, although their differences related less to principles than to the distribution of booty.

Now that the Bhutto era has closed and a new chapter has opened Benazir Bhutto must evolve a new strategy and set new objectives before her if she wishes to stay in politics. These cannot be short-term. They have to be long term because she will most likely be disqualified. She must raise her sights much beyond 1995. She is young, intelligent, articulate, fully conversant with the new economic and political realities and understands modern problems. She will definitely lead the country into the 21st century. What is more important is that she should look into the past to seek guidance and not to be lost in its faded glory. She may be kept out of Parliament but she cannot be kept out of national and international democratic movements where her mediocre rivals have no capacity to excel.

Benazir Bhutto's father had brought politics out of the feudal drawing rooms into the streets and given voice to the silent majority of Pakistani citizens and the dignity to stand tall. She should now contribute to the organizational set-up of the party. Until now, the party has been a crowd or a mob of sympathizers, without any direction but dedicated to the person of Nusrat and Benazir. Perhaps that was necessary in the past. But in the future, this must be overcome. The hard struggle ahead will not be agitational, party cadres will need to understand issues and analyze them, have the capability to react intelligently to new situations and feed the leadership at the top with proper facts and grassroots thinking.

For this purpose an institution of intra-party democratic accountability has to be established. In political parties the holding of annual and biennial conferences are essential from the district level, through the divisional level to the national level, where the respective office-bearers should be elected by delegates. One such conference should be held immediately to take stock on the situation and check demoralization and rot among the cadre. No such tradition has been established in Pakistan only because the Establishment looked upon political

parties as its main rival and always abolished them at the first opportunity it found for such an action.

Another bane of Pakistan's politics has been the monolithic nature of political parties. All leaders seem to be allergic to tolerating diversity of opinion. The PPP must now open its door to dissent within its ranks. Clash of opinion allows the personality to grow and bring about maturity of thought. Instead of the leader relying upon the opinion of sycophants, collective leadership of high caliber and diverse opinion should in future provide guidance to the party.

The Hope

Let us hope that the democratic process, however guided and controlled it may be, will be allowed to continue and find roots. It can flourish only if the parties, specially the PPP which is a vanguard party, take interest in organizing branches at the grass-root level—in villages and mohallahs—and prepare them for non-violent resistance to the day-to-day oppression of the people by State functionaries like the patwaris, the police, PWD [Public Works Department] officials, irrigation officials, etc., and watch over absentee school teachers and doctors.

Preparations should be made for full participation in local body elections and leaders of real national stature should come forward to lead district councils and metropolitan corporations—for much of the people's problems can be solved there. In future national parties are likely to be voted to power on the basis of their achievements in local bodies.

The People's Party should henceforth become a movement of all those who differ from the policies the Establishment has been pursuing for the last four decades in the interest of a selected coterie in the constitutional field, in politics, administration, economic, defence and foreign affairs, and has brought the country close to disaster.

In Parliament, if she is allowed to sit there, Benazir Bhutto and the PDA [People's Democratic Alliance] should concentrate on accountability. It is their turn now.

Nawaz Sharif seems to be the ideal Prime Minister for the Establishment. He was picked up and groomed by General Jilani. He is reported to have financially helped scores of senior officials and has a partnership in his various enterprises with people in the inner circle who decide who is to become the front man of the administration.

It can only be expediency that can keep Nawaz Sharif in the background. The claim of Ghulam Mustafa Jatoi who has been kept Prime Minister in waiting since 1979 by the Establishment may not be ignored. The IJI has emerged as mainly a party of the Punjab, with chauvinistic undertones, specially in respect of the Kalabagh Dam, which is a red rag to the NWFP [Northwest Frontier Province] and Sindh. For this reason the MNAs

[Members of National Assembly] may have little say in the selection of the leader of the House. The die may yet be cast for Jatoi, whose claim is not stronger than Nawaz Sharif's but who may suit the Establishment better.

Benazir's Accusations

91AS0224B Lahore *VIEWPOINT* in English
1 Nov 90 pp 17-19

[Text] PPP [Pakistan People's Party] Co-Chairperson Benazir Bhutto issued the following statement at a Press conference held in Lahore last Friday:

The blatant rigging of the National Assembly election by the President and the Care-takers is a black spot on the history of our nation. As more statistics become available the extent and sheer cynicism of the entire exercise has started to reveal itself. All observers of the polling on the election day, whether local or foreign, had particularly noted the low turnout of the voters. Even the Chief Election Commissioner, on return from a tour of the polling stations, had remarked to the Press at 7:30 p.m. that the turnout would not be more than 30 to 35 percent, that is, 8 to 13 percent less than the 1988 elections. However, the entire nation has been astounded to discover that the turnout has been close to 47 percent, 4 percent more than 1988. There is no ready explanation for this other than that a massive fraud has been committed on the electorate. At random some constituencies have been sampled and the results are as follows; in NA [National Assembly] 40 23,000 extra votes have been cast in NA 60 the increase is to the extent of 33,000, in NA 135 and NA 143 it is 40,000 each. This trend is visible in a large number of other constituencies in the Punjab. What is particularly interesting, however, is that the constituencies won by the PDA [People's Democratic Alliance] show either the same turnout of voters as 1988 or less.

The question that has intrigued everyone, particularly in the Punjab where the polling appeared to be peaceful and without incident, is that how these extra, ghost votes were cast. We have now received information regarding the exact method adopted in the Punjab. In every constituency 40 to 50 polling stations were identified by the district administration whose results were to be tampered with. In these polling stations the presiding officers were appointed on the advice of the IJI [Islamic Jamjoori Ittehad] candidate and given two directives. One, not to give the certified copies of the result to the polling agents and, two, to bring the result to an administration official before transmission to the returning officer. Authoritative sources have revealed that it was at this stage that bogus votes were added to the tally of the IJI candidate. The exercise has been so shameless that even the returning officers have started to protest. The returning officer of NA 88 Pasrur, Mr Ali Sana Bokhari, has refused to continue for the provincial polls.

In Sindh, the Care-takers were unable to convince enough presiding officers to do their bidding with the result that they had to resort to more crude methods.

Ballot boxes have been switched, ballot papers stamped by law-enforcing personnel and PDA polling agents not even allowed to enter polling stations. It is through this gerrymandering that positive results have been obtained in a few constituencies, particularly in the constituency of Mr Jatoi.

Difference in voter turn out between 1988-1990:

Constituency number	Difference
NA 40	23,000
NA 43	25,000
NA 57	22,000
NA 60	33,000
NA 74	6,000
NA 80	12,000
NA 81	8,000
NA 86	13,000
NA 87	26,000
NA 89	43,000
NA 95	13,000
NA 96	14,000
NA 113	23,000
NA 117	20,000
NA 118	20,000
NA 119	15,000
NA 120	24,000
NA 123	17,000
NA 129	16,000
NA 134	17,000
NA 135	40,000
NA 143	40,000
NA 145	23,000
NA 146	24,000

We are in the process of compiling a White paper on these polls. All the candidates are collecting evidence from their constituencies and more details would be made public soon.

Later, at a Press conference in Islamabad, Ms Benazir Bhutto demanded re-election in 100 National Assembly constituencies "where final count certificates were not issued by the Presiding Officers as required under the law."

The former Prime Minister said in each of these constituencies, the Care-taker Government had appointed a "set of 40 to 50 selected presiding officers" who did not issue the final count statement to the polling agents, thus making room for post-poll rigging.

"The Chief Election Commissioner should answer why the rules were flouted by these Presiding Officers when the law says that they have to give a count certificate to

the polling agents and obtain a receipt from them. If they have not issued the statement or have not received the signatures of the PDA polling agents then the Election Commissioner should explain why this was not done," she added.

After the Polling

Rigging, she argued, was done after the polling was over, indirectly referring to the U.S. NDI [National Democratic Institute] observer team report which suggested that elections were conducted in a free and fair manner. She charged the law-enforcement agencies with seizing the ballot boxes and stuffing them with bogus votes or preventing the voters from casting their votes. In NA [National Assembly] 160, Nawabshah, she said, after the visit of the NDI team in this constituency, ballot boxes from 15 polling stations were seized by Murtaza Jatoi, son of the Care-taker Prime Minister, and his "goondas".

She said while in Sindh, "brute force" was used by the Care-taker Government to "rig" the polls, in the Punjab it was "arranged" in an orderly manner, except for a few instances.

Benazir Bhutto said that after the polling was over "about 25,000 to 40,000 votes" were added in a haphazard manner. "It was in a fashion that in a constituency a set of 40 to 50 presiding officers was selected who did not follow the election rules. After polling was over, ballot boxes were taken to pre-designated places as per directives from the Election Cell working in the Presidency. In Karachi, these were police stations and in the Punjab the offices of SDMs [Sub-Divisional Magistrates]. The ballots were changed there and fictitious copies of count statements were prepared which did not bear the signature of our or other independent candidates' polling agents. Then these bogus certificates were issued to the Returning Officers who announced the results after totalling all these count statements."

Benazir Bhutto feared that the bogus votes added after the polling did not match with the serial numbers of the original votes nor did they match with the record of the Election Commission.

She told newsmen that despite their constitutional right, candidates were "refused" re-counting by the Returning Officers and quoted the example of Haji Mushtaq Ahmad, PDA [People's Democratic Alliance] candidate in NA 38, and Ahmad Mukhtar, PDA candidate against Federal Minister Ch. Shujaat Hussain in Gujrat, who were "refused" recounting by their respective returning officers. Benazir Bhutto demanded that the Election commissioner should "re-open the ballot bags within 48 hours if you have nothing to hide." She feared that delay was being made to "cover-up" the manipulations done in a hurry by them. "They are now trying to match serial numbers and trying to re-do it," she said. Benazir Bhutto

claimed that it was the IJI result which was "tampered" with and not the PDA result because the PPP's vote base had been the same as in the previous elections. "That's the evidence," she stressed.

No Serial Numbers

"We believe that there are no serial numbers on the bogus votes and this is documentary evidence," she maintained.

Quoting "authentic" sources, the PPP leader said "ballot papers without any serial numbers were printed at the Printing Corporation of Pakistan and sent to Lahore in Nawaz Sharif's constituency." Benazir Bhutto said she also had documentary evidence that at many places more votes were shown as polled against the actual strength of voters at these polling stations.

Asked whether the President was involved in this rigging she said "Yes. It was master-minded in his office. Since he dismissed the PPP Government, he did not want to see it coming back to power."

Ms Bhutto claimed the PDA would have won at least 70 to 80 NA seats in the Punjab had this rigging not taken place, and the IJI would have ended up with "only 42 seats."

French Team Says IJI Won Through Rigging

91AS0224C Lahore VIEWPOINT in English
1 Nov 90 p 19

[Text] A French group of two judges and two lawyers who observed both the National and provincial assembly elections has been quoted by the BBC as saying that the IJI [Islamic Jamhoori Ittehad] won through secret rigging.

The group said that presiding officers in several cases had not gone straight to the returning officer with the results but made a detour to IJI candidates' houses. It was there that the results were manipulated, according to the French group. (A similar allegation has been made by PDA [People's Democratic Alliance] leaders.)

The French team criticized the U.S. National Democratic Institute [NDI] group of observers for not waiting for the provincial assembly polls before making its interim report, which rules out any large-scale manipulation of the October 24 polls.

The French team made the following detailed observations:

The observers saw two identical ID cards being used to cast two votes in NA-95 [National Assembly] (the Nawaz Sharif-Asghar Khan constituency).

Officials refused to communicate the results of the polls to observers in NA-96 (Shahbaz Sharif-Jahangir Badr constituency).

Officials placed obstacles in the way of party polling agents in Islamabad in F7.3 and F7.2.

Armed police were present during the counting at polling stations in Kasur, Islamabad and Karachi.

People complained of being prevented from voting. There was a large discrepancy between the number of voters and those registered to vote in PA-128.

Even five days after the national polls, no figures about the national turn-out were given to the Press by the Election Commission. The head of the Election Commission repeatedly said that his computers had broken down and later that there was a lack of manpower to man them during the weekend.

Most observers noted a very low turn-out but this was not visible in the final results which showed a huge turn-out.

Only figures of the first two candidates were announced.

The counting at many polling stations finished at 6:30 p.m. but results got to senior officials in constituencies only by midnight, instead of by 9:30 as in previous elections.

In many constituencies no certified copies of the results were issued to polling agents contrary to arrangements in previous elections.

But the French report does not confirm the more elaborate charges made by Ms Bhutto who said that the entire electoral process was rigged in more than 100 seats.

SAARC Observers' Comments

91AS0224D Lahore VIEWPOINT in English
1 Nov 90 p 19

[Text] A non-governmental observer mission of 16 persons—jurists, academics, journalists and diplomats—visited Pakistan to observe the National Assembly [NA] elections. The members of the mission were drawn from Bangladesh, India, Nepal and Sri Lanka. They came in their individual capacities at the invitation of the Human Rights Commission of Pakistan. The visit was facilitated by the Government of Pakistan, and this was the third mission of its kind.

The mission divided itself into groups and visited the four provinces of Pakistan and the federal capital of Islamabad. In all, 129 polling stations in 46 constituencies were visited. In addition to the observation of the actual election process, members of the mission met representatives from the federal and provincial governments, the federal and provincial Election Commissions, the two main political alliances, non-governmental organizations, professional bodies and the media. The mission then reconvened in Lahore on October 25.

The conclusion of the mission are as follows:

Conclusions

In the events leading up to the elections, the appointment of an Opposition leader as the head of the Care-taker Government militated against accepted norms of electoral fairplay. The judicial proceedings against some of the leaders of the previous government also hindered a fair election campaign. Further, the partisan use of the electronic media by the Care-taker Government was not conducive to a free and fair election. The mission, given the limitations of its terms of reference, leaves these issues to be resolved according to the wishes of the people of Pakistan.

The actual process of polling appeared to be free, fair and orderly in a majority of the polling stations visited by the mission. In a minority of the polling stations visited, there were serious improprieties and violent incidents. The mission received other complaints and allegations about electoral malpractices that it was not in a position to verify. In the interest of strengthening the democratic process in Pakistan, the mission hopes that procedures and practices will be evolved to minimize, such allegations and complaints.

The mission acknowledges the assistance of the Election Commission and officials of the federal and provincial governments of Pakistan. Logistic arrangements for the mission were coordinated by the Human Rights Commission of Pakistan and the International Center for Ethnic Studies in Sri Lanka.

The mission is an expression of the spirit of SAARC [South Asian Association for Regional Cooperation] and of the commitment of its members to democratic processes and values in the region. Coming from countries with similar histories and socio-political structures, the members of the mission are aware of the particular problems that the region faces in protecting democratic institutions and human rights. The members feel that it is through a sharing of experiences that the democratic process in the region can be enriched.

The mission wishes the people of Pakistan well.

The mission will release a comprehensive report on the Pakistan National Assembly elections covering three aspects of the electoral process: the political and legal background, the electoral machinery, and the actual polling.

Election Commissioner's Explanation

91AS0224E Lahore VIEWPOINT in English

1 Nov 90 p 19-20

[Text] The Chief Election Commissioner, Mr Justice Naeemuddin, in an effort to explain the surprise National Assembly [NA] results, has pointed out that in 1988, 38.74 percent of the votes cast had gone to the PPP [Pakistan People's Party], as against 36.842 percent to the PDA [People's Democratic Alliance] this time, which presented a drop of only 1.89 percent. This, he said, meant that the PPP vote bank was still basically intact, but what accounted for much of the gain the IJI [Islamic Jamhoori Ittehad] had made was the fact that a lot of voters who had voted for independent candidates in 1988 had voted for the IJI this time.

He said this factor had boosted the IJI's share of the vote from 30.16 percent in 1988 to 36.862 percent this time. As against this, independent candidates, who had got 19.50 percent of the votes in 1988, had seen their share drop to 10.766 percent this time.

In 1988, he said, independent candidates had included the MQM [Mohajir Qaumi Movement] (or Haq Parast) candidates, who had contested officially as independents on that occasion, whereas they had contested under their party name this time. He said this time the MQM had polled 5.598 percent of the votes cast, but even if this figure was added to the figure of 10.766 percent that independent candidates had collectively polled this time, the total still came to only 16.364 percent, or 3.24 percent, less than the 1950 percent independent candidates had got in 1988.

This difference of 3.24 percent had gone to the IJI this time, the Chief Election Commissioner said. He pointed out that when this figure of 3.24 percent was added to the 1.898 percent fewer votes the PPP-led PDA got this time, the total came to 5.138 percent which accounted for most of the 6.70 percent gain the IJI had made this time.

Giving details of the votes polled by some of the other parties on October 24, Mr Justice Naeemuddin said the ANP [Awami Nation Party] had got 1.677 percent, BNM [Balochistan National Movement] 0.24 percent, JUI(F) [Jamiat-i-Ulema-i-Islam (Fazlur Rahman Group)] 2.934 percent, JUP [Jamiat-i-Ulema-i-Pakistan] (Noorani) 1.464 percent, JWP [Jamhoori Watan Party] 0.595 percent, Pakistan Awami Tehrik [PAT] 1.115 percent and PDP [Pakistan Democratic Party] 0.336 percent?

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